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EDITORIAL

As We See It

As the Suez affair pursues its tortuous and difficult course from day to day, it becomes more and more important that the rank and file in this country (and in others, too, for that matter) keep the issues in perspective, and above all avoid being aroused to pointless passion by the extreme statements which from time to time find their way into the public prints. There are those who see in Colonel Nasser an "Adolf Hitler of the Middle East." In one sense he may be just that. He in all conscience is given to the same sort of half insane, inflammatory oratory, and, apparently is a victim of the same kind of megalomania. Given the same opportunity that Hitler had, he might make similarly serious trouble for the world.

The threat that he poses is, however, of a vastly different sort, and, of course, it is difficult to conceive of his having the same potentialities for harm—assuming reasonable care and foresight on the part of his most likely victims. Rather obviously, he can do nothing of very great consequence unless he is able to attract very powerful allies who are willing to take large risks and incur heavy costs in his behalf. His own country is small, weak and very vulnerable on several counts. Among those who might become allies, only Russia poses or could pose any great threat of force. All the Moslem world combined with Egypt could not directly begin to do the damage that Hitler inflicted upon the world.

But, of course, Russia is not the main problem here. She, as usual, wants to catch all the fish she can from these troubled waters, but the real source of trouble is the world-wide revolt against "colonialism," and the rampant surge of ultra-

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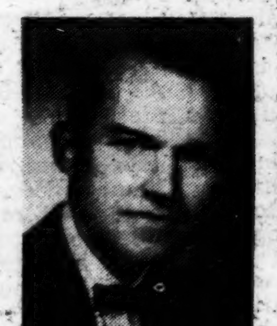
Petrochemicals Industry —Today and Tomorrow

By HENRY G. McGRATH
Associate Manager, New Business Development Dept. The M. W. Kellogg Company

Fast growing and profitable chemical industry—particular petrochemicals, which already accounts for nearly 25% of total chemical production and possesses enormous growth opportuniites—is delineated by M. W. Kellogg Company staff member. Predicts dollar value of all chemicals to reach $7.8 billion in 1956 and $10.5 in 1960, and petrochemicals to be $4.2 billion and $5.7 for 1956 and 1960 respectively. Mr. McGrath notes such industries as shipping, farm equipment, rubber manufacturing and gas pipeline firms have entered the petrochemical field, and describes the activities of several petroleum companies that have successfully diversified into this field. Sees petrochemical investment doubling to $8 billion in 1960, and petrochemical output exceeding 50% of all chemical production in 1965.

Petrochemicals from natural gas and petroleum serve as raw materials for nearly 3,000 chemicals. New products are coming in at a rate of 400 per year. This great industry had its start in the 1920's. Chemistry is now our sixth manufacturing industry. Since 1939, it has expanded its output — at constant dollars—more than three times. To give you an idea to what extent synthetics have taken over, resins and plastics are more than 95% synthetic and new rubber is almost 60% synthetic.


H. G. McGrath

Size of the Industry

This year, total petrochemical production is expected to reach a volume of nearly 35 billion pounds. Last year, petrochemicals comprised nearly 24% of the U. S. chemical production. Domestic production of all chemicals was almost 135 billion pounds. Interestingly enough the

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Foreign Policy At the Crossroads

By DR. MELCHIOR PALYI

Chicago economist appraises the changing direction and unexpected results of our policies in the underdeveloped countries, which has served to turn near and Far Eastern countries against us, and, in turn, has caused European anti-Americanism. Dr. Palyi calls for "a halt to the Dulles-Eden policy of perverted appeasement" in the Middle East, and avers "no Moslem sheik or Buddhist president will throw himself into the Soviet's arms, scream as they may."

A recent French report states that the **populations** of Algiers and Tunisia are rising at an annual rate of 2.5 to 3%, which means that they **double in every generation!** An increase in the annual rate of 8 million or so is reported from India. Supposedly, the Egyptians **also** will double in numbers in this generation. In the Islamic countries, one factor in raising more children seems to be the fact that polygamy is fading out.


Dr. Melchior Palyi

But the most important factor is the introduction of modern methods of public hygiene. In Ceylon, a $50 million investment in decontaminating water supplies, providing antibiotics, combating epidemics, etc., resulted in a 40% decline of the mortality rate. In backward countries, medical aid is the cheapest form of modern technical service. It creates miraculous results without major investment, without the necessity of a long wait, and without causing fundamental changes in the indigenous ways of life.

It used to be said that the merchants follow the flag. Presently, with or without the flag, the doctors and the public hygienists march in. Wherever they go, death takes a holiday—and populations rise by leaps and bounds. With the modern medicine man comes, often

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SECURITIES NOW IN REGISTRATION — Underwriters, dealers and investors in corporate securities are afforded a complete picture of issues now registered with the SEC and potential undertakings in our "Securities in Registration" Section, starting on page 36.

The Security I Like Best

A continuous forum in which, each week, a different group of experts in the investment and advisory field from all sections of the country participate and give their reasons for favoring a particular security.

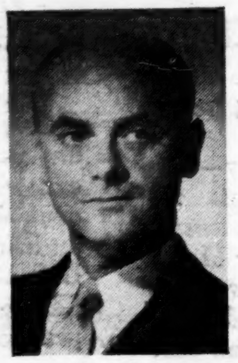
(The articles contained in this forum are not intended to be, nor are they to be regarded, as an offer to sell the securities discussed.)

This Week's Forum Participants and Their Selections

CHARLES T. JAWETZ
Senior Partner, Daniel Reeves & Co.
Beverly Hills, Calif.

Bestwall Gypsum Co.

In selecting a security to properly qualify as "the one I like best," it naturally follows that the objective must fit the requirements of given individuals. For example, if it were one that was liked because it yielded a high return, it would only satisfy the requirements of those who are primarily seeking income. If, on the other hand, an individual was willing to forego income, hoping thereby to reap a substantial capital gain, he would fall into the category of one who is hoping to increase his capital and is not too interested in having his money earning for him from the moment his investment was made. I have chosen as "The Security I Like Best," the common stock of Bestwall Gypsum Co., formerly a wholly-owned subsidiary of the Certain-teed Products Corporation, which was distributed to Certain-teed stockholders on Aug. 27, 1956. The management of Bestwall flatly stated that the company was to pay no cash dividends, but intended to reinvest its earnings under a contemplated $32 million expansion program. It further stated that stock dividends would be considered from time to time. This statement eliminates Bestwell as a security that should be considered by people desiring or requiring cash dividends from their investment. It has appeal only to capital gains minded investors. In my opinion it has more appeal than any security known to me and I sincerely believe it to be the security I like best.



Charles T. Jawetz

Gypsum as a raw material offers an excellent hedge for those seeking protection against inflation. As a commodity, although reasonably abundant, it is anything but abundant in localities reasonably close to its market. It has been stated that gypsum located more than 400 miles from a ready market cannot be economically mined and processed. Companies for years have been constantly endeavoring to locate gypsum deposits with very little success. The exception to this fruitless search is the bonanza acquisition by Bestwell of major gypsum deposits in Nova Scotia which, coincident with the opening of the St. Lawrence Seaway, has tremendous potential in increasing the company's earnings through the supplying of gypsum to Montreal, Toronto, and the entire Great Lakes area. The company has stated that this deposit has proved reserves of over 100 million tons. Additional core drilling has been so successful that a further large reserve of almost equal magnitude can be added to this huge tonnage.

The capital structure of Bestwall is a very simple one, consisting of approximately 715,000 shares of common stock and a very small funded debt of $1,700,000. The latest earnings report was that recently issued for the first six months of 1956 wherein the company earned the gratifying sum of $3.27 per share. On a three year projection it is easy to imagine a tremendous growth in the company's annual sales, estimated by some analysts in the neighborhood of $65 million. Should this level be attained, it follows that earnings would increase tremendously when one recalls that approximately $6.18 was earned in 1955 on sales of approximately $34 million.

The record of Bestwall's management team, headed by President Rawson G. Lizars, leaves very little to be desired. Its record in turning Certain-teed around from a mediocre company with a dismal history into a strong company in sound financial shape indicates that Bestwall will not lack for executive vigor. The entire management compensation of Bestwall will initially be less than $175,000 a year for a corporation earning close to $9 million before taxes. Thus it follows that the executives must expect capital gains on what stock they hold and that which they may acquire through nominal options granted coincident with Bestwall's spin-off from Certain-teed. Broad-minded investors, instead of disparaging incentive through stock options, welcome it because the benefits usually are transmitted all the way down the line to the most modest stockholder.

Summarizing, Bestwall is the security I like best because:

(1) It offers an opportunity to invest in a company that holds large reserves of a basic and necessary commodity—gypsum.

(2) The company's demonstrated earning power, together with a very simple and relatively small capital structure, should give its stock volatility desired in a security bought for capital gains purposes.

(3) The tremendous Nova Scotia reserves, together with those held in this country, places the company in a position to compete favorably with the other limited gypsum producers.

(4) The excellent management, stimulated by capital gains incentive and limiting its compensation to the barest minimum has demonstrated ability sought but not found by many large corporations.

The stock is listed on the New York Stock Exchange.

DR. FRANK K. RADER
Vice-President, Eppler, Guerin and Turner, Inc., Dallas, Tex.
Members New York Stock Exchange

Life Companies, Inc.

I like *Life Companies, Incorporated.* It was conceived and organized by Clint W. Murchison. Its President is John D. Murchison, a true son of his father. I think that is important. The Murchisons belong to what we in Texas call "The Athens Crowd," which includes Sid Richardson, the Wynns, the Hawns, and others. It was to the Athens Crowd that Robert R. Young, another Texan, turned when rescuing The New York Central. Athens, Texas, is no ordinary town.

Dr. Frank K. Rader

Life Companies is in the firm control of the Murchisons and their experienced management team. I know this team and am convinced of its capability. Clint Murchison has never been accused of reckless delegation of authority in regard to his holdings. With some $20,000,000 of family interest in *Life Companies,* it is easy to understand his confidence in such men as Bob Hatcher, P. K. Lutken, Sr., H. Smith Hagan, C. A. Hunter, H. R. Sluyter, and J. B. Knight. They are experienced life insurance men.

Life Companies, Inc. is the largest single holding of the vast Murchison Brothers' domain which has used an expansion policy of horizontal diversification to create an empire that encompasses a range of enterprises from the Henry Holt Publishing Company in New York City to the Royal Gorge Concession in Colorado, and practically every conceivable kind of business in between, from Lionel model trains to James Heddon's fishing tackle.

Life Companies is organized to do a reinsurance business, but it begins operations in control of $715,000,000 of insurance in force. As of June 30, 1956, *Life Companies* owns substantially all the common stock of three old established companies — Atlantic Life, Lamar Life, and Midland National Life—and plans to acquire more. The constituent companies have good agency systems—sold $67,000,000 of business for six months to June 30; and that is the kind of performance that moves stock prices.

As any insurance man can tell you, the success of an insurance company is largely a function of its agency organization. That *Life Companies* is in excellent shape in this respect is obvious when the growth of insurance in force is observed. This figure has grown by more than $200,000,000 since 1950.

Another important factor which is certainly indicative of management acumen is that the constituent companies are earning a substantially better rate on investments than that required for allocation to reserves.

The life insurance business is a growth business once it gets going. The sale of life insurance—and so the fortunes of the stockholder—is no longer whether, but how much. It is a matter of personal income, the trend of which is common knowledge.

I like life insurance stock for the longer-term capital gain or for the building of an estate. It is, to a considerable extent, a tax shelter that exposes only small dividends to current high rates. LIFE COMPANIES should grow; and with its growth, the stock should come into its own.

Finally, the stock at its recent market was priced at only some 10 to 12 times earnings. This looks very attractive when other insurance stocks are priced 50% higher and more. I think I'll string along with the Murchisons. The stock is traded in the Over-the-Counter Market.

Treasury Securities Market In the Short and Long Term

By LEROY M. PISER*

Vice-President, Aubrey G. Lanston & Co., Inc.

Aubrey G. Lanston Vice-President analyzes the factors influencing the short- and long-term Treasury securities market, and reviews the interaction of important factors in the market during the past year. Mr. Piser explains: (1) why Treasury issues are traded in dealer rather than in broker market; (2) characteristics of short- and long-term market; (3) factors governing member bank reserve balances which, in turn, affects future money conditions of short-term market, including the "float" and deficiency in free reserves; (4) Federal Reserve interference is now prompted by disorderly market rather than capricious reasons, and (5) difference between debt management compensatory policy in principle vs. practice.

The Treasury securities market, in my opinion, is influenced principally by three factors. These are, first, the condition of business; second the credit policy followed by the Federal Reserve System; and third, the debt-management policy followed by the Treasury. In addition, the market may be influenced temporarily by psychological factors or by misinterpretations of the fundamental factors, but eventually it always seems to get back in the groove.

Leroy M. Piser

Treasury Securities Market

The first point that I want to make is that rates on Treasury securities constitute the basic rates for all interest-bearing securities. Yields on municipal and corporate securities generally move up and down with the yields on Treasury securities. Of course, municipals generally yield less than Treasury securities, because they are exempt from the Federal income tax, and corporates yield more because of their lower credit rating. Also, these differences will vary as the supply of the different types of securities changes and as credit ratings fluctuate over the business cycle.

The Treasury market is a dealer market, as distinguished from a broker market, such as the Stock Exchange. This means that dealers act as principals rather than agents in most of the transactions that they handle, that is, purchases and sales change their portfolios of securities. The principal reason that Treasury securities are traded in a dealer market rather than a broker market lies in the large average size of the transactions. This makes it necessary for a great many of the transactions to be negotiated. For example, if a bank wants to sell, say, $10 million of a particular issue of Treasury securities, we may take the entire block into our position until we find a buyer for the securities. We do not always immediately find a buyer for the particular issue and the particular amount that is offered in the market at any one time. If we do not want to take the entire block into position, we may take only part of it into position and take the remainder on order until we can find a buyer.

Dealers are continually in touch with their customers, so that they are in a position to place securities that are offered and are able to find securities when there is a bid for them. The more contacts that we have with customers, the better we know their investment policies and changes that they may want to make in their portfolios and consequently the better able we are to execute buying and selling orders.

Dealers constantly check markets and quotations with each other. This enables them to keep close to each other with respect to the buying and selling prices that they quote, and it also enables them to clear transactions between themselves. In other words, if we have a buying order in one issue and we do not have a selling order in that same issue, we may be able to locate a selling order through some other dealer.

All dealer transactions are net, that is, without commission. This means that if our market on a particular issue is, say 99 6/32 bid, 99 8/32 offered, and if we can actually buy and sell at those prices, our gross profit on the deal is, of course, 2/32. As a matter of fact, even that small difference doesn't actually exist in practice, because the difference between the prices at which we buy and sell is more apt to be 1/32 or 1/64. These are pretty small spreads, but the income is made by the large volume of transactions that we have.

Dealer Financing

Dealer positions are financed in two principal ways. One is by borrowing from commercial banks, but the more usual is by selling securities to commercial banks, corporations, and the Federal Reserve under an agreement to repurchase them at a specified price at some later date. Since a dealer

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*An address by Mr. Piser before the 6th Annual Forum on Finance, New York University, Aug. 30, 1956.

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Chemicals Undaunted

By IRA U. COBLEIGH

Enterprise Economist

A topical account of certain companies deriving sustained and increasing profitability from search and research in diverse chemicals, their production and distribution.

Oil has exerted no calming influence on the troubled waters of Suez, and the Gamal canal cabal has also created some choppy waters in our recent share markets. Not only have international petroleum equities bogged down, but many issues, quite unrelated to Arab arrogance, are off 10% or more from 1956 highs — including the chemicals. Which brings us to today's agenda, namely the scanning of the chemical scene with a view to citation of such laboratory-type equities, as may seem not overpriced.

Ira U. Cobleigh

The essential position of the chemical industry remains unchanged. Here's a section of our economy which continues to grow thrice as rapidly as all industry; that devotes over $300 million a year to research; that will invest over $1.4 billion in new plant this year; and that spends a good portion of its total energy creating and developing synthetic replacements for many raw materials offered by nature. In this last category have materialized some of the most dramatic creations of this fabulous industry — fibers, plastics, and medicinal drugs. For example, Nature used to supply all of our rubber; now 55% of it is synthetic.

While it has been characteristic of major chemical shares to discount the future rather heavily, to sell at high price/earnings ratios, and to provide cash dividends a bit on the meager side, it has also been true that they have been bought and retained by our shrewdest investors — individual and institutional. This has been true not only because of the above average industrial growth rate over many years, but because of the notable capacity of industry leaders to develop highly profitable new processes and products; and to the low ratio of labor costs to net sales. In view of the virtually annual increases in the price of labor, many investment selectors almost instinctively ignore industries where labor costs exceed 30% of gross. That formula leaves chemicals well within their purview.

Veering to specific companies, we'd like to start with a word or two about the drug chemicals. Four or five years ago a new wonder drug could, at once, put almost any company on the market "hit parade." Dramamine and Banthine made a sensation out of G. D. Searle Co.; penicillin gave a bulge to Pfizer; Merck moved rapidly forward with B_1, B_{12} and cortizone; Parke, Davis developed chloromycetin; and Cutter Laboratories produced, with varying success, the Salk Vaccine.

Market history of the past five years has shown that the sustained profitability resulting from a new wonder drug, or a new patented pharmaceutical, can be over estimated; but it is also noteworthy that those companies able to research one important new product frequently can create others, and the end result is, over time, higher earnings and share prices.

Right now, for example, investors may find a look at Chas. Pfizer & Co. rewarding because of its new antibiotic drug, Sigmamycin. This is a multi-spectrum drug, a combination of a new antibiotic, called metromycin with some older ones, and because of the multiple wallop it delivers, it is believed to be especially effective in certain types of pneumonia, blood poisoning and intestinal infections. Nineteen fifty-six per share earnings of Pfizer for the first half were $1.77 (against $1.58 for the similar 1955 period) without any reflection of earnings from the new patented drug. Earnings from this should materialize in the second half, and propel the per share figure to around $3.60 for the year ($2.94 last year). On this basis, Pfizer common at 50 paying $1.40 (plus extra) is being given favorable current billing.

Over-the-counter, Smith, Kline and French has attracted strong buying (1) because of the success of its Thorazine (with total estimated 1956 sales of $38 million); (2) because of increased sales of Cytomel, a metabolic regulator introduced this Spring, and (3) because of the promise of a new tranquilizing drug shortly to be marketed. At around 64, with 1956 per share net expected at around $4.25, Smith, Kline and French common might merit your further inspection.

Others among the pharamaceuticals, about which you hear favorable comment would include: Merck (selling at 32) reported to have a new TB drug; Norwich Pharmacal (at 55), in an earnings uptrend (should show $3.75 a share this year) based on its new nitrofuran drug; and Eli Lilley (at 60) moving forward on the basis of vitamins, barbituates and Salk vaccine production.

The major diversified chemicals have been going along majestically earnings-wise, even though such good stockholder news has not been translated into current market gains. Take Dow. In its fiscal year (ending May 31) of 1956, this splendid company increased its profit by 60% over the preceding year. Nineteen fifty-six net income per share was reported at $2.52, but if you add to that the bookkeeping charges of depletion, depreciation and amortization, you reach cash earnings of $5.64 on each of the 23,663,674 common shares outstanding on May 31 last. Inorganic chemicals account for over 50% of sales; plastics about 32%. The Dow name is always associated with leadership in magnesium. Actually this metal accounted for but 9% of 1956 sales, and the whole operation showed a loss. Revised production methods, and a wide future market for this lightweight substance, are expected, in due course, to bring to this division, the high profitability which has consistently characterized Dow operations in other divisions.

Union Carbide and Carbon, which has ranged this year between 103¼ and 133⅝, is now available at 117. It is one of the authentic chemical blue chips and is found in the portfolios of almost every major institutional investor. UK sales for 1956 are expected to cross the $1¼ billion mark. Per share earnings last year were $4.83. They may reach $5.25 this year on which basis the $3.00 cash distribution of 1955 should certainly be duplicated and might be increased. Operating in a broad range of chemicals, UK ranks as the number one producer of plastics, specializing in vinyls, styrenes, and polyethylenes. Investing in UK common has, through the years, been a most rewarding pastime.

Another great company which annually adds excellence to excellence, is American Cyanamid. A $50 million increase in sales this year is in prospect, carrying the total, for the first time, above the $500 million mark. $35 million of this expanded volume will come from Formica Company, acquired in 1955, but delivering its first full year's earnings in 1956. About 25% of earnings come from pharmaceuticals via the Lederle Laboratories division. There was a 100% stock dividend in 1952 and the current cash rate on ACY is $3.00. Against that, per share earnings for the year should reach $4.50, a new high. If more investors have not become ACY stockholders, it's probably because they have a time pronouncing its middle name. By any standards of investment analysis, the common is one you should be proud to own.

Among other chemicals selected somewhat at random, Abbott Laboratories is well regarded for its solid management and long continuous dividend record. At 40, paying $1.80, the yield is substantially above that of most chemical shares. Nopco which we discussed in these columns a year or so back, when it was selling in the 20's, has performed quite well and moved ahead especially in polyurethane. At 40, with an indicated dividend of $1.85, the yield is just shy of 5%. Spencer Chemical, third largest producer of polyethylene, had a splendid year (fiscal year ended June 30, 1956). Sales carried to a new high, above $45 million, and earnings on the common rose from $4.04 a share in 1955 to $4.73. On the basis of a $2.40 dividend, Spencer Chemical, at 53, certainly does not appear over-priced.

With quite a few soggy spots and declining earnings appearing on the economic horizon, it is nice, once again, to contemplate the chemicals, researching their way to new records of progress and profitability.

Personal Investors Corp.

FAR ROCKAWAY, N. Y.—Personal Investors Corp. has been formed with offices at 2010 Mott Avenue to engage in a securities business. Officers are Max Opstbaum, President and Treasurer, and Harry A. Wertlieb, Vice-President and Secretary. Mr. Opstbaum was formerly with First Investors Corp.

The State of Trade and Industry

Steel Production
Electric Output
Carloadings
Retail Trade
Commodity Price Index
Food Price Index
Auto Production
Business Failures

Notwithstanding a decline in over-all industrial production in the period ended on Wednesday of last week, output held moderately above that of the comparable week a year ago.

Steel production registered a slight rise during the week which tended to offset decreases in the output of electric power, automobiles and coal.

Industrial production in August recovered from July's depressed level and it was headed even higher this month, the Federal Reserve Board noted.

It observed that industrial activity climbed to 141% of the 1947-49 average last month. In July the month-long steel strike had plummeted industrial output to 128%. August production marked a return to the June rate and topped the like month of last year by two points.

Taking seasonal factors into account, the Board stated the increase over July amounted to five percentage points, to 141% in August from 136% in July. In August of last year seasonally adjusted industrial output stood at 140%.

Industrial production so far this year, with the exception of the sharp July drop, has bobbed up and down between 141% and 144% of 1947-49 on the unadjusted scale. With seasonal factors included, the range has been between 141% and 143%, excluding the July decline.

Initial claims for unemployment insurance dropped to the lowest point so far this year, being 6% under those of the similar week in 1955.

Initial claims for unemployment compensation rose 30,600 to 205,500 during the week ended Sept. 8, as compared with 162,500 claims a year ago, the Bureau of Employment Security reported.

The Bureau noted the rise was caused mainly by temporary layoffs in the apparel industry, most of them in New York City.

It stated layoffs in the auto industry rose, with State reports showing 31,000 workers laid off—primarily because of model changeovers—and 20,000 workers recalled during the week ended Sept. 8, bringing to 272,000 the number of workers laid off since the first of the year and not recalled in the seven major auto producing States.

The Bureau pointed out, however, that the figure of 272,000 is not a measure of unemployment in the auto industry as the figure represents accumulative weekly estimates on a part of the industry and "does not take into account that many of the workers laid off since Jan. 1 have found other jobs or left the labor market."

Insured unemployment, the Agency reported, dropped to a 10 months low in the week ended Sept. 1, but was up from the similar week in 1955. A drop of 51,800 to 994,200 was recorded—the lowest since November of 1955, it added. Insured unemployment for the similar week of 1955 totaled 931,400.

Largest declines in insured unemployment, the Bureau said, were reported by Michigan, with 10,600; Pennsylvania, 8,100 and Tennessee, 4,000. Recalls to work in a number of industries and the rescheduling of reporting because of a short work-week due to the Labor Day holiday also contributed to the reductions, the Bureau of Labor Statistics declared.

Steel producers will be fighting a rear guard action with their customers for the balance of the year and beyond. Everything points to one of the tightest fourth quarter markets in years, states "The Iron Age," national metalworking weekly, this week.

Plate and structural consumers, in dire straits for months, are pressuring Washington for government controls on distribution of these products, with little chance of there being imposed. But even if they were, available supply would not be increased, this trade weekly adds.

Sheet consumers, too, are running into more trouble. With new models coming out, the auto makers have taken their full quota, or close to it, for November. What was left was snapped up by other consumers and the chances are the story will be the same for December.

Meanwhile, continues this trade publication, hot-rolled sheet consumers are finding that tonnages available to them are growing shorter and some producers are passing the word that there won't be any hot-rolled sheet available after the fourth quarter.

The tight situation in plate, structurals and pipe is cutting into the amount of steel available for other products, creating a chain reaction that automatically makes other products harder to obtain, declares this trade authority.

Holes are beginning to appear in once-comfortable inventories. Strike losses combined with continued strong demand have thrown steel inventories out of balance and consumers are having a tough time filling the gaps.

Most mills are admitting privately that carryovers in many products will run to six weeks or more into next year, despite best efforts of the producers to bring deliveries into line with promises, concludes "The Iron Age."

Business outlays for new plant and equipment in the current quarter have been slowed by strike-caused delays in steel deliveries, but businessmen are scheduling sharp boosts during the fourth quarter in spending of this kind, which has been one of the bulwarks of the economy this year.

Third quarter capital expenditures will set a yearly pace of $36,300,000,000, a Government survey of business plans indicates. This would be $400,000,000 under the rate projected last spring. In the fourth quarter, however, business spending is expected to be stepped up, being scheduled at the rate of $38,000,000,000 annually, barring further delays in deliveries of steel goods. This

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Ecuador—An Economy at the Cross-Roads

By A. WILFRED MAY

Mr. May details recently occurring facets of deterioration facing the newly-inaugurated regime. Following interview with the Minister of Economy, confirms Ponce government's earnest dedication to free enterprise and stability; and after analyzing the various obstructive elements, agrees with the conclusion "it will be difficult, but not impossible." Reports on inter-governmental loans and private capital investment from abroad.

(Mr. May was recently in Ecuador—Editor.)

To a more marked degree even than is true elsewhere in Latin America, is Ecuador today, at the inauguration of a new President, a country squarely at the cross-roads. This is so economically as well as politically.

A. Wilfred May

Economic, fiscal and monetary conditions were quite favorable until the spring of 1955, when a severe drop occurred in the price of coffee and cocoa, accompanied by a poor crop of the latter, and a reversal of the previously expanding trend of exports set in.

Imports have been curtailed by both indirect and direct means, the latter consisting of extension of the list of prohibited goods. Under a decree of March 15 last, import restrictions have been extended "temporarily" to automobiles, perfumes, liquors, and radios costing over $100, among a long list.

Nevertheless the deficit in the balance of payments has increased, and foreign exchange reserves have continued their decline, having fallen in half since the beginning of 1955, from 512 to 251 million sucres. In other words, these reserves now stand under 30% of the annual value of imports, and at 40% of the money supply. The sucre has declined slightly in recent months. Under the exchange system, multiple rates operate within a narrow range.

Crucial Budget Situation

The budgetary situation too has been worsening. Thus far in 1956 a deficit of 137 million sucres has been suffered, against receipts of 870 million; with a 200 million deficiency expected for the full year. The government keeps three budgets, with the respective figures somewhat obscure: segregated for (1) operations, (2) State enterprises, and (3) capital expenses. Each of these divisions is believed to run at a deficit; with the railroads which, surprisingly, are not included with the other State enterprises, actually incurring an additional unshown charge.

Swelling the "capital budget" have been a vast and growing number of government-subsidized buildings, highways, bridges, and roads extending from one end of the country to the other; and in the face of unceasing pressure from the citizenry in the provinces for futherance of such projects, no termination of them is foreseeable.

To finance these deficits—there being no capital market—the Government has resorted to borrowing from the Central Bank. Additionally, the Finance Minister pays contractors in bonds; with the impression held in some quarters that there is difficulty in meeting his current obligations. (With the monetary authorities pointing with pride to their abstinence from the more obvious uses of the printing press.)

Concurrent with the lack of a capital market, interest rates are very high; ranging from 10 to 14% in the case of banks, and averaging 24% by private lenders.

Nationalization Curtailed

Thus far the lid on outright nationalization has been fairly well maintained; being limited to matches, liquor sales, cigarettes, power (in part), telephone and telegraph, with the railroads as an autonomous government-controlled and directed enterprise. Extensive interventionist powers are actually exercised by a central non-political monetary board. The price structure is fairly bursting-at-the-seams of controls.

While the workers are making some progress, they enjoy no mass organization, and many labor segments, particularly the agricultural, live in extreme poverty. Ecuador's middle-class, even more than her neighbors', is negligible.

The law gives the central government a strong say in labor-management relations and over wages, per jurisdiction exercised by the Department of Labor of the Ministry of Social Welfare and Labor. The social security system is administered by the National Welfare Institute, a semi-autonomous agency of the government.

The ideology of the incoming Camilo Ponce Enriquez stands quite far to the conservative right, particularly so in political areas, and moderately so economically. In his inaugural address delivered with all pomp and circumstance in Quito, Sept. 1 last, the incoming President re-affirmed his belief in minute detail in the free market and stabilization, including intended measures for increasing production, effecting constructive tax reform, and liquidating the state monopolies. But whether these good intentions can actually be translated into concrete performance is open to serious doubt. Apart from the usual political pressures, the Ponce regime represents a distinct minority party, having received a mere 29% of the popular vote — sufficient for victory because the remaining 71% was splintered among a dozen "liberal" parties. While the presumed continuation of the constitutional electoral process will retain Ponce in power for four years, meanwhile his conservative program may well be effectively obstructed in the Chamber of Deputies and/or Senate.

Authoritative Profession of Faith

At any rate, belief in sound and constructive ends and confidence that they can be achieved is sincerely embraced by the Administration. This was spelled out for the writer in an interview with Frederico Intriago, Minister of Economy, supervising industry, commerce, agriculture and mines; and who besides finds time to double as President of the National Development Bank. The only hold-over Cabinet member from the former Velasquez regime, he is recognized as the country's "economic boss." "Although we had an unsettled economy, the new government is dedicated to working to the utmost toward a free economy. I am for the free economy leaving all the initiative to private investment. The Government should act only as an orientator—the only way to create and maintain confidence."

Admitting the difficulty of balancing the budget after two years of deficits, and of drastic cutting-down of expenses midst growing group-pressurizing, the new President's commitment to expanded social security, a difficult reserve situation, the urge for expanded public works, and agricultural backwardness; Sen. Intriago is confident that along with contemplated cutting-down of import restrictions on raw materials, "we will succeed." He professes to be unworried by the recent declines in reserves, because of recent substantial rises in the export crops. And improved, including speed-up, tax collections are expected materially to help the budget situation.

"Difficult, but not impossible," is the Minister's net conclusion regarding the possibility of solving the problems.

A special mission of the International Monetary Fund is scheduled to go to Ecuador in October, with the fundamental purpose of accomplishing a stabilization of the currency.

Capital From Abroad

Ecuador has received two loans from the International Bank. The first was consummated in February, 1954 in the amount of $8½ million for highway development; for lowering the cost of transportation toward the end of increasing production. Repayment is provided for via the assignment of certain taxes. The second loan, consummated in 1956, was in the amount of $5 million at 5%, for electrical development in the City of Quito.

From the Export-Import Bank $30 million has been received during the past 15 years. $7½ million was devoted to a highway project; started with $2½ million eight years ago, and constantly raised owing to unexpected costs, with termination in 1954. The other Export-Import loans have been devoted to reconstruction after the earthquake of 1949, for sewage systems, and just recently, for the improvement of two airports.

Our Point Four program is functioning actively, to the tune of $2 million annually.

As is true of most of Latin America, the feeling on the part of officialdom as well as the public about the extent of American aid is one of understanding and satisfaction; rather than of complaint, as is so prevalent in Europe and Asia.

Private foreign investment in Ecuador has been quite negligible thus far; amounting to about $25 million. About three-quarters of this total is British, devoted to petroleum, electric power, shipping and air transport, textile manufacturing, cement, sulphur mining, fisheries, bananas, and cacao. Coca-Cola and Pepsi-Cola have been bottling there for some time.

Ecuador has maintained the policy of welcoming foreign capital. This was re-emphasized by President Ponce in his inaugural address when he expounded on his ardent desire for both capital and immigrants from abroad. But despite this and Ecuador having joined the Investment Guaranty Program of the U. S. Foreign Operations Administration, her extension of specific benefits in the form of tax benefits or exemptions, her quite favorable tax imposts on income derived from capital, tariff protection against foreign competition; nevertheless only a negligible amount of capital has come in. The deterrents seemingly have been fear of political upheaval, absence of great mineral or oil resources as in other countries, and the shortage of technically skilled labor.

The Sale I'll Never Forget

By ROBERT F. SEEBECK

Smith, Barney & Co., New York City

I expect that most people engaged in institutional sales work get their greatest thrills from trades that involve very large amounts of money. The first time I received an order for a million dollars worth of bonds, I left the office immediately. I couldn't sit still for another minute. I had to celebrate the great event and tell my wife the good news.

Robert F. Seebeck

In spite of the excitement this sale caused, however, it's possible that it doesn't occupy the same favored spot in my mind as one of my first sales. It was the sale of 25 shares of an over-the-counter stock on a cold call. I had just finished our training course, and had been in the sales department only a month or so. I was working on a list of doctors which I had taken out of the New York telephone book (I'm sure it's been done by every other new young salesman who ever entered the "Street"). After being admitted to this doctor's office, I nervously began my story about the stock. When the doctor interrupted and said, "O. K., I'll buy 25 shares," he said it so quietly, I wasn't certain I had heard him correctly. I called the office immediately, of course, and completed the trade. There wasn't so much involved in the way of profit on this small transaction, but I was so elated with my first sale that I took a taxi clear across town to my next call!

LETTER TO THE EDITOR:

Reader Criticizes Policies Prompting Inflationary Trend

Sharon, Pa., business consultant pin points inflation's course upon Federal housing guarantee program, and refers to "strange situation" resulting from Federal contradictory policies.

Editor, Commercial and Financial Chronicle:

In your editorial in the Aug. 30 issue of the Financial Chronicle you discuss the present inflationary trend in prices and their contributory causes.

May I call attention to what I believe to be the greatest price inflationary factor in today's economy. It is the policy of financing the building of houses on a basis of nothing down and 30 years to pay. The Government OKs the mortgage and the house is built, thereby drawing on labor and material sufficiently to cause a national shortage.

It is futile for the Federal Reserve Bank to fight this situation with a rise in the cost of money.

It is a strange situation to see a Government feed the fires of price inflation by OK'ing mortgages and at the same time making a gesture towards fighting price inflation by tight money.

I shall vote Republican only because the program of the opposition party will be far worse.

A. C. FARMER
Business and Economic Consultant,
213 Dollar Title Building,
Sharon, Pa.
Sept. 17, 1956.

Changed Economic Importance Of Outstanding Consumer Debt

By A. W. ZELOMEK*

President, International Statistical Bureau, Inc.
Visiting Professor, Graduate School of Business Administration, University of Virginia

Noting that consumer credit expansion for the year to date has been at a greatly reduced rate, Economist Zelomek finds in this encouraging data to counter fears that consumer debt is rising too fast. Admits 1955 rate of increase was too rapid but claims end of the year total debt was not dangerous relative to consumer income. Maintains that to refuse instalment sales to over-extended and pinched consumers undergoing current debt-reduction would prevent those "who have shown generally that they are honest and most of the time sensible" from continuing modern living. Explains the aspiration-satisfying and mutually beneficial positive value of instalment selling to the economy and the consumer.

I suppose the first thing we should do is to recognize the fact that the public attitude toward instalment selling has undergone some pretty drastic changes during the past 30 to 50 years.

A. W. Zelomek

Most, I suspect, can remember the day when the whole idea of instalment credit was regarded with what amounted to great moral indignation. There was something almost sinful about "mortgaging" one's future. The psychology of that day and age can be judged from the common terms of home ownership. Such ownership was reserved for the thrifty few, who by working long and saving hard had been able to accumulate a substantial down - payment. For such people, who had visibly established their strength of character, assumption of a 10 or 15 year mortgage was regarded as morally correct. But even that mortgage did not involve instalment payments. Interest had to be paid regularly, but there was no regular instalment payment schedule for mortgage debt reduction.

The automobile brought a change in thinking. Unlike a house, the automobile was a mass produced product. It could be turned out in large numbers in factories. However, these factories cost a lot of money to build. And these factories could not be kept running unless some way could be found to finance mass automobile sales to the public. Once the automobile was invented, large-scale instalment selling had to be invented too. Automobile and instalment buying go together like beer and pretzels.

The success and growth of the automobile industry naturally drew the attention of other businessmen to the importance of instalment credit as a selling force. Just as naturally, this led to many abuses. Fly - by - night operators peddled all sorts of shoddy merchandise for "a dollar down and a dollar a week." Most consumers were unable to calculate the carefully concealed charges they were paying for instalment credit, and in some cases these ran as high as two or three hundred percent annually. The unscrupulous operator was out to take the public, and did. The attitude toward the morality of instalment merchandising came a full circle. Where the consumer who bought on the instalment plan had once been regarded with doubt, the businessman who sold on the instalment plan was now regarded with suspicion.

Where are we now, in terms of what might be called the economic philosophy of instalment merchandising?

Where are we now, in terms of consumer credit outstandings and their relation to income?

Where are we now, in terms of the policies merchants should follow with regard to instalment and other types of credit sales?

Slower Rate of Increase

Let us make no mistake about it, the 1955 rate of increase in the use of instalment and other credit by consumers was too rapid.

I do not mean by this that outstandings at the end of the year were dangerously large in relation to consumer income. I do mean, however, that the rate of increase was so rapid in relation to income that it was obvious that a slowing down in this expansion was inevitable, sooner or later. And it came sooner rather than later.

The further expansion in credit outstandings for the year to date has been at a greatly reduced rate. Between January and June, for example, total instalment credit outstanding increased by less than $1 billion. The corresponding gain in the last six months of 1955 was almost $3 billion. Every category of instalment credit, automobile, other types of instalment, and home repair and modernization loans showed either a slower rate of increase, or an actual decline. Only personal loans have gained during the year to date by approximately the same amount as in the last six months of 1955.

The change in outstandings represents the balance between new business written and repayments. Total new instalment business written during the first six months increased by only 3.1%, and for the second quarter it showed a decline of almost 1%.

By the time third quarter reports are available it will be even more plain that new business done on the instalment basis is expanding only moderately if at all, and that the most important categories have actually been shrinking.

Now let's consider the question which has so often been raised: Have we gone to dangerous extremes in terms of instalment selling?

The economist will point out to you that, if instalment debt becomes excessive in relation to income, there will be two types of adverse effects.

(1) There will be a liquidation of debt, where before debt had been increasing, and this will have a depressing effect on the economy.

(2) Merchants will experience losses, if consumers cannot pay their debts.

Reaching the Danger Point?

Have we reached the point where such dangers are imminent?

At the beginning of the year, many people seemed to be afraid that they were. Consumer debt outstanding at that time had reached about 14% of disposable income, as compared with the previous peak of a little more than 11% in 1940. The relative number of consumers, in all income brackets, who owed some instalment debt, had increased above earlier years, and had reached from 75% to 80% in the income brackets from $3,000 to $6,000.

What this indicates plainly is that we were in new high ground in terms of instalment selling, just as we were in terms of other forms of economic activity. And it was obvious then, as it is now, that last year's rate of increase could not continue indefinitely.

But it also seemed plain to me at the beginning of the year that 1956 would witness a substantial reduction in this rate of expansion, and this is exactly what happened. Meanwhile, disposable income has continued to increase and the ratio of instalment debt to disposable income at the present time is lower than it was at the beginning of the year.

I would not claim that we will never see an excess of instalment credit. It seems to me, however, that the experiences of the past six months are very encouraging, and should allay some of the fears which have been expressed. We know from past experience, during depression and other periods of business setback, that consumers are exceedingly honest in terms of paying their debts. Losses originating in this form of selling have been small, even in bad periods. Moreover, the trend for the year to date indicates that consumers tend to regulate themselves. If there were excesses last year, they are now being digested in a very orderly manner.

Finally I must point out that business activity as a whole this year is making a very favorable showing despite the decline in automobile sales and new automobile credit, and the decline in residential building. If these industries had continued to show gains at the same pace as in 1955, the Federal Reserve Board would have worried a lot more this Spring than it did about the possibilities of inflation. We would have encountered much tighter markets in many important industrial raw materials, and a condition of excessive speculation might have developed.

From the broad economic viewpoint, therefore, the restraint of consumers, and their conservative policies during 1956 with respect to instalment buying, have been beneficial rather than the reverse.

Positive Values of Instalment Selling

We have come a long way from the old days, when the consumer who used instalment credit was regarded as immoral, and the merchant who sold on instalment credit was regarded with suspicion. Even now, however, I believe we under-emphasize the positive values of instalment selling to the consumer, to the merchant, and to the economy as a whole.

For the consumer, instalment selling makes possible an investment in living, in the broadest sense of the word.

The modern mortgage is an instalment contract of long duration. Without this type of mortgage, the number of families who own their own homes would not have been able to increase as rapidly as it has.

The automobile unquestionably provides some degree of pleasure to the entire family group. To a much greater extent than 20 or 30 years ago, however, it is a real convenience—to wives who must care for a house and children and still do family shopping, and to the growing number of men who find the automobile an essential form of transportation to their job. Instalment selling of automobiles makes it easier for the family to invest in convenient and essential transportation.

I am sure that you will agree with me that jewelry is more than a luxury. Instalment selling of jewelry makes it possible for families to invest in gifts which might otherwise have to be foregone.

Instalment selling of refrigerators makes it possible for families to invest in health. Modern refrigeration is also a time saver, with daily shopping in most families a thing of the past.

Instalment selling of washers, dryers, and ironers makes possible a family investment in laundry services.

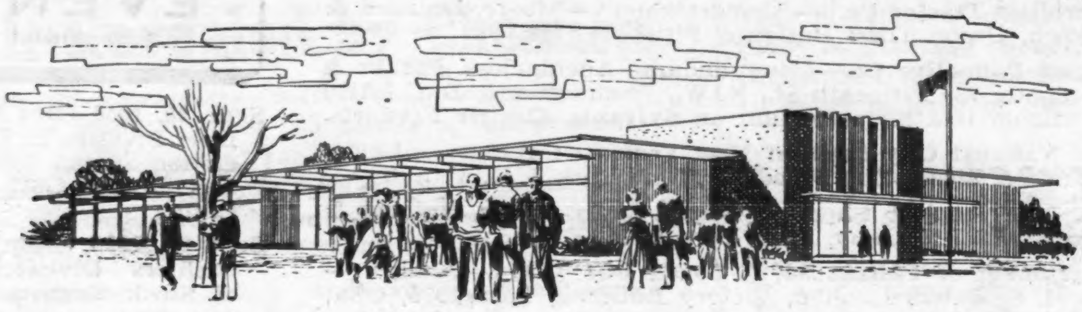
Over-Extension Risk

I think you will agree with me that these are all desirable from the consumer's viewpoint. By selling on the instalment plan, we take some risk that some consumers will become over-extended, and be pinched for a period of time while they are reducing their debts. To refuse to sell on the instalment plan, on the other hand, would prevent consumers, who have shown generally that they are honest and most of the time sensible, from investing in devices which are essential to, and synonomous with, modern living.

From the merchants' viewpoint, I don't believe I have to point out to you that, whether you like instalment selling or detest it, you have no choice but to do it and do it well. Consumers will choose merchandise first because of qual-

Continued on page 43

*An address by Mr. Zelomek before the American National Retail Jewelers Association's 51st Annual Convention, Aug. 27, 1956, New York City.



New Issues

$29,000,000 LOS ANGELES CITY SCHOOL DISTRICTS CITY JUNIOR COLLEGE DISTRICT

3¼% Bonds, Election 1955, Series B

Los Angeles County, California

City School District
City High School District
City Junior College District

Financing the Educational Needs of California

Issues, Amounts, Maturities and Yields

(Accrued Interest to be Added)

$10,000,000 Los Angeles City School District
$10,000,000 Los Angeles City High School District
$ 9,000,000 Los Angeles City Junior College District

Amounts: City School	High School	Junior College	Due	Price to Yield
$400,000	$400,000	$360,000	1957	2.00%
400,000	400,000	360,000	1958	2.20%
400,000	400,000	360,000	1959	2.40%
400,000	400,000	360,000	1960	2.50%
400,000	400,000	360,000	1961	2.60%
400,000	400,000	360,000	1962	2.70%
400,000	400,000	360,000	1963	2.75%
400,000	400,000	360,000	1964	2.80%
400,000	400,000	360,000	1965	2.85%
400,000	400,000	360,000	1966	2.85%
400,000	400,000	360,000	1967	2.90%
400,000	400,000	360,000	1968	2.90%
400,000	400,000	360,000	1969	2.95%
400,000	400,000	360,000	1970	2.95%
400,000	400,000	360,000	1971	3.00%
400,000	400,000	360,000	1972	3.00%
400,000	400,000	360,000	1973	3.00%
400,000	400,000	360,000	1974	3.05%
400,000	400,000	360,000	1975	3.05%
400,000	400,000	360,000	1976	3.05%
400,000	400,000	360,000	1977	3.05%
400,000	400,000	360,000	1978	3.10%
400,000	400,000	360,000	1979	3.10%
400,000	400,000	360,000	1980	3.10%
400,000	400,000	360,000	1981	3.10%

Dated October 1, 1956 **Due October 1, 1957-81, incl.**

Principal and semi-annual interest (April 1 and October 1) payable at the office of the Treasurer of Los Angeles County in Los Angeles, California, or at any of the fiscal agencies of Los Angeles County in New York, N. Y. or Chicago, Illinois, at the option of the holder. Coupon bonds in denomination of $1,000 registerable only as to both principal and interest.

In the opinion of counsel, interest payable by the Districts upon their bonds is exempt from all present Federal and State of California personal income taxes under existing statutes, regulations and court decisions.

We believe these bonds are legal investment in New York for trust funds and savings banks and in California for savings banks, subject to the legal limitations upon the amount of the bank's investment, and are likewise legal investments in California for other funds which may be invested in bonds which are legal investments for savings banks, and are eligible as security for deposits of public moneys in California.

These bonds, issued under the provisions of Division 3, Chapter 17, California Education Code, for various school purposes, comprise separate issues of three distinct districts. The bonds of each issue in the opinion of counsel constitute the legal and binding obligations of the issuing district and are payable, both principal and interest, from ad valorem taxes which, under the laws now in force, may be levied without limitation as to rate or amount upon all of the taxable property, except certain personal property, in the issuing district.

The above bonds are offered when, as and if issued and received by us and subject to approval of legality by Messrs. O'Melveny & Myers, Attorneys, Los Angeles, California.

September 19, 1956

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Bankers Trust Company — Harris Trust and Savings Bank
Guaranty Trust Company of New York — J. P. Morgan & Co. Incorporated — Blyth & Co., Inc.
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Arthur L. Wright & Co., Inc. — C. N. White & Co.

Dealer-Broker Investment Recommendations & Literature

It is understood that the firms mentioned will be pleased to send interested parties the following literature:

Atomic Letter (No. 21)—Comments on the U. S. Navy's billion dollar atomic propulsion program including a tabulation showing the companies now working on the Atomic Aircraft Propulsion program. Also available Atomic Fund's annual report illustrating atomic industry by means of color photos—Atomic Development Mutual Fund, Inc., Dept. C, 1033 Thirtieth St., N. W., Washington 7, D. C.

Automation — Analysis with particular reference to fifteen companies which should benefit from its spread—Bache & Co., 36 Wall Street, New York 5, N. Y.

Chicago Bank Stocks—Bulletin—Wm. H. Tegtmeyer & Co., 120 South La Salle Street, Chicago 3, Ill.

Common Stocks and the Cost of Living 1871-1956—Study of common stocks and dividends during inflation and deflation —Hugh W. Long and Company, Incorporated, Westminster at Parker, Elizabeth 3, N. J.

Fire Casualty Insurance Companies—Operating results of first half of 1956—Blair & Co., Inc., 44 Wall Street, New York 5, New York.

Japanese Stocks — Current information — Yamaichi Securities Co., Ltd., 111 Broadway, New York 7, N. Y.

Machine Tool Industry—Review with reference to **Cincinnati Milling Machine Co.** and **National Acme**—In current issue of "Gleanings"—Francis I. du Pont & Co., I Wall Street, New York 5, N. Y. Also in the same issue is a list of issues in the 30's which appear attractive.

Origin and History of the Contractural Plan—Edited by John H. Thatcher, Jr.—Association of Mutual Fund Plan Sponsors, Inc., 400 Madison Avenue, New York 17, N. Y.

Over-the-Counter Index—Folder showing an up-to-date comparison between the listed industrial stocks used in the Dow-Jones Averages and the 35 over-the-counter industrial stocks used in the National Quotation Bureau Averages, both as to yield and market performance over a 13-year period — National Quotation Bureau, Inc., 46 Front Street, New York 4, N. Y.

Pocket Guide for Today's Investor—Pamphlet containing lists of selected securities for income, growth and trading—Harris, Upham & Co., 14 Wall Street, New York 5, N. Y.

Suez Canal and World Oil Supply—Bulletin—Harris, Upham & Co., 120 Broadway, New York 5, N. Y.

Textile Industry — Memorandum — Courts & Co., 11 Marietta Street, N. W., Atlanta 3, Ga.

* * *

Alpha Beta Food Markets—Bulletin—Wolcott & Associates, 1308 Wilshire Boulevard, Los Angeles 17, Calif.

American Shopping Centers, Inc.—Analysis—Scherck, Richter Company, 320 North Fourth Street, St. Louis 2, Mo.

American Sumatra Tobacco Corp. — Study — Jacques Coe & Co., 39 Broadway, New York 6, N. Y.

American Telephone & Telegraph Co.—Table of related values —New York Hanseatic Corporation, 120 Broadway, New York 5, N. Y.

Atlas Corporation—Data—Bruns, Nordeman & Co., 52 Wall Street, New York 5, N. Y. Also in the same bulletin are data on **Technicolor.**

Beneficial Corporation—Analysis—H. Hentz & Co., 60 Beaver Street, New York 4, N. Y. Also available is an analysis of **Jack & Heintz, Inc.**

Caterpillar Tractor Co. — Memorandum — Moore, Leonard & Lynch, Union Trust Building, Pittsburgh 19, Pa.

Colgate Palmolive Co.—Memorandum—Auchincloss, Parker & Redpath, 729 Fifteenth St., N. W., Washington 5, D. C. Also available is a memorandum on **Sylvania Electric Products.**

First National City Bank of New York — Circular — Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

Food Machinery & Chemical Corp.—Study—Filor, Bullard & Smyth, 39 Broadway, New York 6, N. Y.

Government of Canada 3¾% Bonds Due 1996-8—Analysis—E. M. Saunders Limited, Victory Building, Toronto 1, Ont., Canada.

Gridoil Freehold Leases, Ltd.—Bulletin—DeWitt Conklin Organization, 100 Broadway, New York 5, N. Y. Also available is a bulletin on **Compo Shoe Machinery Corp.**

Illinois Turnpike—Analysis—Tripp & Co., Inc., 40 Wall Street, New York 5, N. Y.

Joy Manufacturing—Analysis—Dreyfus & Co., 50 Broadway, New York 4, N. Y.

Lanolin Plus—Report—Singer, Bean & Mackie, Inc., 40 Exchange Place, New York 5, N. Y.

Lanolin Plus, Inc.—Bulletin—Harold C. Shore & Co., 50 Broad Street, New York 4, N. Y.

Life Companies, Inc. — Analysis — Eppler, Guerin & Turner, Fidelity Union Life Building, Dallas 1, Texas.

McGregor-Doniger, Inc.—Analysis—Unlisted Trading Department, Ira Haupt & Co., 111 Broadway, New York 6, N. Y.

North Canadian Oils, Limited — Memorandum — Underwood, Neuhaus & Co., 724 Travis Street, Houston 2, Texas.

Quaker City Life Insurance Company — Analysis — Schmidt, Poole, Roberts & Parke, 123 South Broad Street, Philadelphia 9, Pa.

Southern Pacific Company—Bulletin—Peter P. McDermott & Co., 44 Wall Street, New York 5, N. Y.

Stanley Aviation Corporation—Analysis—Amott, Baker & Co., Inc., 150 Broadway, New York 38, N. Y.

Sunbeam Corporation—Analysis—Laird, Bissell & Meeds, 120 Broadway, New York 5, N. Y.

TMT Trailer Ferry, Inc.—6-page description—General Investing Corporation, 80 Wall Street, New York 5, N. Y.

Telecomputing Corporation — Analysis — Holton, Hull & Co., 210 W. Seventh Street, Los Angeles 14, Calif.

Vapor Heating Corporation—Analysis—Winslow, Cohu & Stetson, 26 Broadway, New York 4, N. Y.

Westinghouse Electric Corporation — Analysis — Goodbody & Co., 115 Broadway, New York 6, N. Y.

Plastics and Soft Drinks Find Common Use of Citric Acid

Co-authors, Drs. Knuth and Bavley of Chas. Pfizer & Company present paper detailing development of plastics from citric acid.

A chemical used commonly to add tang to soft drinks has been found recently to make possible new plastics. Versatile citric acid, an essential ingredient in products ranging from foods to hair rinses —and, more recently, an important factor in rejuvenating oil wells—can also be employed to prepare certain synthetic resins, the American Chemical Society, holding its 130 national meeting, was informed Sept. 17 by a research chemist of Chas. Pfizer & Co., Inc., Brooklyn.

Dr. Charles J. Knuth reported that polyester resins could be made with citric acid. Polyester resins have come into wide use over the past decade for automobile bodies, radomes, boat hulls and other structural applications.

The Pfizer scientist described the method used to prepare these new materials and discussed curing methods and properties of the resulting products. The most satisfactory method of preparing the base resins, he said, was to chemically combine the citric acid first with glycol and then with allyl alcohol. Peroxide catalysts were among the agents used to cure the new group of resins.

Paralleling the recent trend toward "alloying" in plastic materials, the investigations described by Dr. Knuth also showed that these citrate polyesters could be copolymerized with vinyl acetate, methyl methacrylate or triallyl citrate.

Dr. A. Bavley, another Pfizer research chemist, was co-author of the paper, which was presented before the Society's Division of Paint, Plastics and Printing Ink Chemistry in the Traymore Hotel.

COMING EVENTS

In Investment Field

Sept. 20, 1956 (Des Moines, Iowa)
Iowa Investment Bankers Association annual field day at the Des Moines Golf and Country Club.

Sept. 20, 1956 (New York City)
Cashiers' Division, Association of Stock Exchange Firms, fall golf tournament at the White Beeches Golf & Country Club, Haworth, N. J.

Sept. 21-23, 1956 (New York City)
Security Traders Association of New York Week End Stag Party at Dune Deck, Westhampton Beach, L. I.

Sept. 27, 1956 (Rockford, Ill.)
Rockford Securities Dealers Association seventh annual "Fling-Ding" at the Forest Hills Country Club.

Sept. 27, 1956 (New York City)
Corporate Transfer Agents' Association 10th annual outing at Colonia Country Club, Colonia, N. J.

Oct. 4, 1956 (Chicago, Ill.)
Investment Analysts Society of Chicago golf outing and field day at Medinah Country Club, Medinah, Ill.

Oct. 4-6, 1956 (Detroit, Mich.)
Association of Stock Exchange Firms meeting of Board of Governors.

Oct. 8, 1956 (Philadelphia, Pa.)
Municipal Bond Club of Philadelphia luncheon meeting at the Union League.

Oct. 11-13, 1956 (Miami, Fla.)
Florida Security Dealers Association annual meeting at Key Biscayne Hotel.

Oct. 24-27, 1956 (Palm Springs, Calif.)
National Security Traders Association Annual Convention at the El Mirador Hotel.

Nov. 14, 1956 (New York City)
Association of Stock Exchange Firms meeting of Board of Governors.

Nov. 25-30, 1956 (Hollywood Beach, Fla.)
Investment Bankers Association of America annual convention at the Hollywood Beach Hotel.

April 21-23, 1957 (Dallas, Tex.)
Texas Group of Investment Bankers Association annual meeting at the Statler Hilton Hotel.

Nov. 3-6, 1957 (Hot Springs, Va.)
National Security Traders Association Annual Convention.

Joins King Merritt

(Special to THE FINANCIAL CHRONICLE)

WORCESTER, Mass. — Joseph Deery has become associated with King Merritt & Co. He was formerly Divisional Manager in Worcester for Investors Diversified Services, Inc. Charles E. Aldrich and Clarance Irvine, also formerly with Investors Diversified, have joined King Merritt & Co.

Making Fuel Products from Asphalt Revealed by Chemists

Six Humble Oil researchers' successful hydrogenation of asphalt process produces about 105 barrels of fuel products from only 100 asphalt barrels. Tangible economic significance seen in possible increase in energy from present crude reserves, particularly high asphalt crude, and the method's practical application from investment and operating costs point of view.

A team of research chemists and chemical engineers of the Humble Oil & Refining Company has succeeded in combining asphalt and the by-product hydrogen of the refinery to make useful products including gasoline, heating oil, oil suitable for catalytic cracking and residual fuel oil, it was reported at the 130th national meeting of the American Chemical Society, Sept. 17, at Atlantic City, N. J.

Although asphalt has never before been converted into fuel products without considerable loss to less valuable materials such as coke and "dry gas," the new hydrogeneration method actually produces about 105 barrels of products from only 100 barrels of asphalt, Chemical Engineer R. L. Heinrich told the Society's Division of Petroleum Chemistry at a meeting in the Shelburne Hotel.

As much as 20 barrels of gasoline and heating oil, 40 barrels of gas oil suitable as catalytic cracking feed stock and 45 barrels of material of quality suitable for use in residual fuel oil have been made from a 100 barrels of asphalt—with an over-all profit of $50 to $80—according to Mr. Heinrich, who carries out exploratory research in petroleum refinery processes and products for the Baytown, Tex., oil company.

"Hydrogenation of Asphalt for Fuel Products" was the title of the report, which was prepared by Mr. Heinrich in cooperation with six other Humble Oil researchers, including chemical engineers G. T. Gwin, E. J. Hoffman, R. S. Manne and J. R. Miller and research chemists Dr. H. W. H. Meyer and C. L. Thorpe.

Economic Significance

"The significance of this development to the economies of the United States and of the world may be quite tangible," the speaker asserted. "Its wide adoption could mean a sizable increase in available energy from present crude petroleum reserves, especially from the huge reserves of relatively high asphalt content crudes.

"The petroleum refining industry has worked continuously toward the goal of obtaining the maximum yield of the more valuable distillate products from each barrel of petroleum, while decreasing the yield of residual products. The development presented in this paper is potentially another step toward this goal and possibly an important step, in that it presents a means of conversion of asphalt to distillate products in good yield and without loss in total volume of conventional fuel products.

"The process appears to have practical application from the standpoint of investment and operating costs. Investment is comparatively low for conversions of this type because of the relatively mild operating conditions and the reasonably high throughput.

"Operating cost, greatly influenced by the life of the large volume of moderate-priced catalyst required, is reasonable because of the long life predicted for the catalyst in commercial operation—upward of one year, at least. Investment and operating costs are low also because of the simplicity of and infrequent need for catalyst regeneration: conventional air regeneration at intervals of 500 hours or more is employed.

Applicability to Refineries

"The process is especially applicable to refineries operating hydroformers or other sources of by-product hydrogen. Also, the possession of fuel products deasphalting facilities is an advantage in that the asphalt feed is available. However, where these facilities are not available, the process may increase the economic incentive for their installation."

The paper was presented at a symposium on "Use of Hydrogen in the Petroleum Industry." Professor Robert W. Schiessler of the Pennsylvania State University presided.

CORRECTION

Name of author of article, "Bargains in Railroad Bonds," is Chester S. Iverson, not Everson, as stated in issue of Sept. 13.

Owing to a typographical error, the name of the author of the article, "Bargains in Railroad Bonds," published on p. 10 in the "Chronicle" of Sept. 13, was incorrectly shown as Chester S. Everson. Actually, the author is Chester S. Iverson, President of the U. S. Railroad Securities Fund, Chicago, Ill., in whose behalf we are happy to publish this notice.

Form Mintz Investors

WEST NEW YORK, N. J.—Mintz Investors Corporation is conducting a securities business from offices at 431 60th Street. Officers are Irving Mintz, President; Ada Gwirtz, Secretary-Treasurer, and Jeanette Cohen, Assistant Secretary-Treasurer.

Shapiro, Haeussler Join Yates, Heitner

ST. LOUIS, Mo.—Following the dissolution of Paul Brown & Co. on Sept. 30, Sumner Shapiro will become a general partner and Walter C. Haeussler a limited partner in Yates, Heitner & Woods, 320 North Fourth Street, members of the New York and Midwest Stock Exchanges.

Form Churchill Secs.

Churchill Securities Corporation has been formed with offices at 89 Broad Street, New York City, to engage in a securities business. Officers are Nat Girsky, President; Emanuel Bisgeier, Vice-President; Melvin Heiman, Treasurer; and Philip Tannen, Secretary. Mr. Girsky and Mr. Bisgeier were formerly with Philip Gordon Co., Inc.

Now Harding & Co.

HOUSTON, Tex. — The firm name of Clark, Harding & Company, C & I Life Building, has been changed to Harding & Co.

Tucker, Anthony & R. L. Day to Merge

R. L. Day & Co. and Tucker, Anthony & Co. will merge on Oct. 1, 1956. The new firm, members of the New York and Boston Stock Exchanges, will be known as Tucker, Anthony & R. L. Day, Main office will be at 120 Broadway, New York 5, N. Y.

Govt. Employees Inv. Plan

FAIRFIELD, Calif. — James A. Edman and Thomas J. McGinty, Jr. have formed Government Employees Investment Plan with offices at 431 Texas Street to engage in a securities business.

J. Sturgis May Opens

HIGH POINT, N. C.—J. Sturgis May & Co. has opened offices at 917 Denny Street to engage in a securities business. Officers are James Sturgis May, President and Treasurer; Clarence S. Wagner, Secretary.

Where Do We Go From Here With the Agricultural Problem?

By JESSE W. TAPP*
Chairman, Board of Directors
Bank of America, N. T. & S. A.

Bank of America Chairman reviews the basic factors responsible for farmers' complex and diverse problems and proposes: (1) building up real foreign and domestic markets instead of price fixing, production control and foreign dumping; (2) full employment in non-farm economy and decentralization of non-farm employment—involving educational and job information programs, and community or regional approach; (3) using present policies temporarily rather than as a primary goal or means of attaining effective adjustment; and (4) cessation of easy answers via legislative route, for it leads to continuing farm-governmentalization.

About 30 years ago, William Allen White stated that three men are to be distrusted who discuss the farm problem. First, the man is to be distrusted who says that there is no farm problem because farmers are faced with difficult problems of adjustment to changing domestic and foreign markets. Second, the man is to be distrusted who states that he has some simple over-all formula for the solution of the farm problem since the problems of agriculture can not be resolved by some general formula approach. And finally, the man is to be distrusted who says "let the farm problem ride." The adjustment problems of agriculture are too important to all segments of the national economy to be allowed to "ride." Most students of agriculture will concur with these statements of Mr. White although some are still searching for a magic over-all formula for the solution of agriculture's problems.

Jesse W. Tapp

The proposed solutions of the farm problem about which we know the most are those that have been tried in the past and found unsatisfactory. Some we have tried more than once with the same, but usually more expensive, experience. Others are in process of being tried a second time with new names and new slogans. It is not uncommon for agricultural economists to be chided because they know too much about proposed solutions that won't work, and too little about the merits of the latest proposed cure-all.

*From a talk by Mr. Tapp before the American Farm Economics Association, Asilomar, Calif., Aug. 29, 1956.

Underlying Factors Responsible For Adjustment Problems in Farming

In order to focus attention upon the fact that there is no single, all-purpose, easy solution to the complex of adjustment problems faced by farmers it may be well to review in brief some of the underlying factors responsible for these problems. This review is not intended to be all inclusive.

(1) The farming business has by nature certain inherent characteristics of instability and change. So have most other businesses in our fast changing economy.

Farmers must contend with variations in climatic conditions which affect yields per acre and production and often cause wide year-to-year changes in income for large numbers of farmers.

For generations our livestock industries have been characterized by cycles of expansion and contraction. This is in considerable measure due to the biological nature of these industries. These cyclical fluctuations can no doubt be moderated, but aside from an intolerable scheme of production quotas they can not be eliminated.

Long-term shifts in the demand for individual farm products are characteristic of our farm markets. The shift in demand from apples and dried fruits to citrus and other fruits has been in progress for many years. Even since 1940 the growth in demand for frozen concentrates in the citrus field has greatly changed the complexion of our fruit growing, processing and distributing industries, and the end of such changes is not in sight. In the other direction we have witnessed for years a long-term downtrend in the per capita demand for potatoes and wheat products while the per capita consumption of meats has increased.

These illustrations are merely to point out that the farming business is a part of our ever changing dynamic economy. Non-farming businesses have similar problems.

(2) The mechanization and modernization of commercial agriculture has made revolutionary progress in the past 40 years and especially since 1940. This is reflected in higher production per acre and per man-hour as well as the higher aggregate production. In many segments of agriculture the growth of production has exceeded the growth in demand.

(3) There are large numbers of farmers in the United States who, for one reason or another, have not or can not meet the pace set in agriculture by modern technology. In a sense these farmers have been left stranded as a result of the revolutionary progress in agriculture as a whole. In important areas of the country, farming by the methods of a few decades ago is no longer economic, and, because of reasons of topography, soil, technical know-how, etc., the possibilities of mechanization and modernization are limited. These factors give rise to some of our most urgent regional problems of agricultural adjustment.

(4) Important adjustment problems are a legacy of wartime and postwar developments in the demand for farm products.

Wartime and post-war relief demands provided a great stimulus to farm production in order to meet temporary needs. This is particularly true of wheat and rice. In some respects our wheat and rice industries are comparable to our shipbuilding industries in so far as the demand for products is concerned. Twice in this century we have seen an enormous expansion in the production of wheat, rice and ships for wartime and related demands. It is much easier to meet the adjustments in the shipbuilding industry after the demand subsides than it is in the case of wheat and rice.

Technological progress in agriculture is also encouraged in wartime due in part to the urgency of the needs and in part to farm labor shortages and higher inducements in the farm prices.

Another legacy of war which vastly complicates the adjustment problems of farmers is the inflation in farm production and distribution costs. While this effect is not limited to agriculture, its impact is much more severe in the farming business because of the nature of the demand for farm products in a non-war economy. Furthermore, it tends to encourage the belief that the farmers' problem is primarily a price problem which can be met by price manipulation when as a matter of fact the adjustment problems are much more difficult than that.

(5) Governmental policies have contributed to the adjustment problems of farmers and in some cases have made the needed adjustments more difficult of attainment. This is particularly true of the price-fixing actions from 1930 to date which have been carried out under the seductive names of "price stabilization" and "price support." These operations have contributed to the loss of both domestic and foreign markets.

Our experiments in price fixing have added some stimulus to the substitution of synthetic fibers for natural fibers. They have encouraged the shift from butter to vegetable oil product substitutes —a shift which appears largely irreversible.

Our price fixing and government storage policies have tended to place the United States farmers in the position of residual suppliers of products for foreign markets. Products once accumulated in the hands of the government outside of normal trade channels are difficult to sell in foreign markets except in times of war or great relief demand. Their sale becomes a matter of high State policy and the difficulties of sale are enormously increased by the fact that international trade policy between friendly nations is involved.

Our price fixing policy has also tended to stimulate foreign production. This is especially true of cotton and to a lesser extent of tobacco and wheat. Here again it appears likely that the inevitable reversal of these policies will damage to some extent our normal commercial trade relations with some of the countries which have been induced to expand because of our price umbrella activities.

The use of acreage controls in an effort to control production and maintain fixed prices for cotton and wheat has added stimulus to the expansion of the livestock industries by shifting acreage to the production of feed grains and pasture. The acreage allotment programs have not been very effective in controlling production, but they have tended to prevent desirable adjustments in some areas and to encourage uneconomic adjustments in other areas.

Finally the governmental policies of the post war years have led to the accumulation of such large inventories of products in the hands of the government that this problem of the government is now regarded by many as the most serious aspect of our "farm problem." It has been pointed out that the mistakes which the government makes on behalf of the farmer tend to fall back on the farmer in the end. Certainly the disposition of the government's inventories of cotton, wheat and other products from prior years' production is not likely to be accomplished without serious impact at some point upon the current income of farmers.

The government's farm product inventory problem tends to encourage all types of panicky proposals for disposing of the accumulated surpluses. There is real danger that the methods adopted may lead to further restrictions on our exports to friendly nations and hence to more serious production adjustment problems. Two price systems, export subsidies, etc., may help to move existing surpluses temporarily, but they could easily lead to further steps toward world wide restrictionism to trade in farm products which could further hamper our ability to market such products as corn, wheat, cotton, tobacco, and rice in foreign markets. Such a result would be most detrimental to farmers. Hence the liquidation of present inventories must be approached with patience as well as determination.

Where Do We Go From Here?

The facts outlined above are designed to indicate the complexity and diversity of adjustment problems faced by our agricultural industries. They point up the fact that no simple over-all solution is indicated.

One need of the moment is to discourage excessive promises of some quick, easy answer by the legislative route. No one is promising to governmentalize farming. Nevertheless, many of the proposals which have substantial support would, if carried out, take the farming business further down the road of governmental control.

Another need is to get rid of some well established illusions about the effectiveness of price supports, acreage controls, the soil bank, and other appealing devices, as a means of maintaining farm income. These may be necessary tools as a part of a program to deal with some of our present adjustment problems, but they must not be the primary goals or objectives or means of attaining an effective farm adjustment program.

The attention of farmers, farm leaders, and the related industries needs to be focused upon the job of building real markets—domestic and foreign—instead of upon price fixing and production control. There is still much room for expanding the consumption of farm products by proper emphasis upon the upgrading of diets with particular attention to meats, dairy products, and fruits and vegetables. The efforts being made by the National Cotton Council both at home and abroad are illustrative of the needs of the situation and of the possibilities.

There is a great need to speed up the agricultural adjustments called for in the disadvantaged areas in agriculture. Full employment in the non-farm economy and further progress in the decentralization of non-farm employment will be most helpful in this process. Some redirection of educational and job information programs is also called for in these areas. A combined regional and community approach to some of these problems is required and the opportunities for cooperation between business and agriculture are very great indeed.

The United States is fortunate in having the most productive, the most efficient, the best equipped, and the most dynamic agriculture in the world. Our primary objective must be to preserve these dynamic qualities. If we are to do this, we must eventually terminate a quarter century of futile and damaging price fixing for major farm products. We must reverse the current trend

toward the external and internal dumping of farm products. Dependable markets for farm products can not be built on the basis of open or concealed export subsidies or multiple price systems. Destruction of potential markets is a more likely eventual result of such programs.

The price-fixing production quota road in agriculture, including the soil bank, leads progressively toward the governmentalization of agriculture in our most productive farming areas, and to the rationing of poverty in the disadvantaged farming areas. This is probably what the editor of the New York "Times" had in mind when commenting recently upon the farm problem as follows:

"The farm problem is a great leveler and unifier. Let the staunchest free marketer and rugged individualist tackle it in public office, and he will end up on nearly common ground with the veriest New Dealer—Controls and Subsidies."

But "controls and subsidies" are not consistent with a dynamic, productive, and efficient farming business. Farmers will not be content with controls and subsidies as a continuing answer to the adjustment problems of their important segment of the American economy.

From Washington Ahead of the News

By CARLISLE BARGERON

Those pundits who a few weeks ago were writing that Harry Truman was through are probably revising their opinion. Not only is he very active in the campaign but his influence on Adlai Stevenson is unmistakable. He seems, in fact, to be writing the tune of the Democrat campaign. Although Stevenson doesn't have Truman's blunt Mid-Western tongue, his speeches are Truman's "Give 'em hell" type. It is as if he had borrowed Truman's ghost writer. Truman must be chuckling to himself at the change he has brought.

Carlisle Bargeron

At the Chicago convention Truman's expressed objection to Stevenson was that he wasn't a fighter, that he was too mild in his attack, in short, that he was too gentlemanly. Stevenson seems to be trying to remedy this with every speech. Which is to say that he has gotten down on the same demagogic plane as Truman. There has been a lot of publicity about the "new Stevenson" but it is doubtful anybody envisaged it would be this kind of newness. I don't think he has yet resorted to the time-old Democrat whipping boy of Wall Street but give him time and I am satisfied he will get to it.

It is impossible at this time to tell how effective this type of campaigning is, but make no mistake about it, it is hurting the Republican political managers here. Indeed, it is making Eisenhower wince. He never foresaw the day when he would be talked about in such a manner. He doesn't like it and it will be interesting to hear his opening speech.

Two of Stevenson's points are particularly irritating to the Republicans—his demand for a repeal of the draft and his charge that it is a phony prosperity we are enjoying.

This second one is thought provoking, to say the least. It is thought provoking in that it is something people should be thinking about. But it can hardly be an issue against the Republicans. Heavens knows the less prosperity that we enjoyed under the Democrats was based on wars. There were still 10 million workers unemployed when World War II come on and, after the conclusion of this war, a decided slackening in business was developing. The Korean War headed it off.

It is a fact that a Senate subcommittee has been studying the impact upon the economy if military expenditures were drastically reduced, which is to admit that they occupy a prominent place in the economy. They account for about $40 billion out of a gross national production of about $410 billion. It is a fact, too, that Eisenhower started out with a sharp curtailment of government spending and found himself running into a business slump.

So, while it may be that no small part of the prosperity is due to military spending the Republicans certainly didn't create the situation that makes the spending necessary.

However, Stevenson's talk about phony prosperity is hard to deal with in a political campaign.

Another sore point raised by Kefauver, and Stevenson, too, is that our diplomacy has been so conducted that we have lost friends all over the world. I doubt "lost" is the word but we don't have the friends. We have had and we have alliances of mutual convenience but most generally the attitude of other peoples towards us, if not one of envy, is one of intense dislike.

The so-called friendship we have had has been bought. But it was also bought under the Democrats. Their suggestion now that they could acquire this friendship through their personality is galling. But here again the Democrats are astutely playing on a sensitive cord of the American people. The people seem to be increasingly annoyed over the foreign aid. Stevenson and Kefauver don't say they would cut it out. They just say they can get the friendship of foreign nations cheaper.

H. Jerome Ayers With Bear, Stearns & Co.

Bear, Stearns & Co., 1 Wall Street, New York City, members of the New York Stock Exchange, announced that H. Jerome Ayers has become associated with the firm, in the Bond Department. Mr. Ayers was formerly with Harriman Ripley & Co. Inc.

John J. Ryan Co. To Be Formed Oct. 1

NEWARK, N. J.—John J. Ryan will form John J. Ryan & Co. with offices at 786 Broad Street, as of Oct. 1. Mr. Ryan is a partner in Ryan, Hanauer & Co., which will be dissolved.

FIF Inv. Assoc. Branch

JAMAICA, N. Y.—FIF Investment Associates have opened a branch at 178-03 Hillside Avenue under the direction of Robert T. Brin.

Now Brooks & Brooks

SHORT HILLS, N. J.—The firm of Peter R. Brooks & Co. has been changed to Brooks & Brooks. Offices are at 15 Wayside.

A. H. Kreiger Opens

BRACKETVILLE, Tex. — Allen H. Kreiger is conducting a securities business from offices at 217 Ann Street.

Form Hellene Secs.

BOGOTA, N. J. — Thomas J. Shoolis and Angelo Plomatos have formed Hellene Securities with offices at 181 Chestnut Avenue to engage in an investment business.

Burnham Partner

William H. Weintraub on Oct. 1 will become a limited partner in Burnham & Company, 15 Broad Street, New York City, members of the New York Stock Exchange.

Steven Randall Co. Formed

Steven Randall & Co., Inc. has been formed with offices at 40 Exchange Place, New York City to conduct a securities business.

Realty Interests Opens

PELHAM, N. Y.—Realty Interests, Incorporated in engaging in a securities business from offices at 86 Lincoln Avenue.

Business Man's Bookshelf

Brazilian Taxes and Business Organization—Walter H. Diamond—Matthew Bender & Company Incorporated, 443 Fourth Avenue, New York 16, N. Y.—$10 for one year's service including reporting changes in laws as well as pending legislation and estimates of chance for passage.

Contractors' Equipment Ownership Expense—Revised manual—Associated General Contractors of America, Inc., Munsey Building, Washington 4, D. C. (paper) $1.

National Standards in a Modern Economy — Edited by Dickson Reck — Harper & Brothers, 49 East 33rd Street, New York 16, N. Y. (cloth) $5.

Proceedings of the Third Annual New York State Consumer Credit Conference — New York State Consumer Finance Association, Woolworth Building, 233 Broadway, New York 7, N. Y.—(paper) on request.

Succeeding With Profit Sharing—M. M. Jehring—Profit Sharing Research Foundation, 1718 Sherman Avenue, Evanston, Ill. $4.

What Lies Ahead For Insurance Depends Upon Congress' Attitude

By JOHN A. DIEMAND*
President, Insurance Company of North America

Mr. Diemand probes the future of the insurance industry, in his acceptance speech, after receiving the George Henry Tyne Award of the Federation of Insurance Counsel, and finds: (1) claimants can expect fair and prompt settlements; (2) stockholders are in a growth industry, and, in well-managed, progressive companies, can expect future prospect of dividend increases and capital gains; and (3) what should be encouraging for the immediate present for the policyholder will not take place until the future due to the unanticipated obstacles placed in the path of efforts directed toward achieving savings. North America head delves into legal battles over package coverages, instalment premium plan, and action independent of rating bureaus. Hopes Congressional interest in insurance did not die with Public Law 15, and asserts that the insurance-future depends upon satisfactory Congressional answers.

Insurance, like love in the movies, is a "many-splendored thing." The Supreme Court of the United States, in a case we will want to reconsider today, points out that it is one of our largest "industries," touching the lives and property of nearly every man, woman and child in the country.

John A. Diemand

To judge its future requires a look at it from each of many points of view. To varying numbers of you each of these points of view is your own. No doubt many of you are stockholders in my own or other companies—perhaps both. Again, I am sure that there are those of you who are, like myself, on the staff of an insurance company, as house counsel or officer. I doubt that there is any one of you who is not covered by one or more insurance policies or plans. Even if, by the strangest of chances, any one of you has bought no coverage of his own, it is most unlikely that he falls completely outside of all governmental or compulsory schemes such as social security, workmen's compensation, compulsory auto or uninsured motorist funds. Then, again, virtually every one of you in your daily practice either is, or represents, or defends, claimants under policies. Some of you may be on the staff of law committees of multi-company organizations, such as rating, service or advisory organizations. Finally (and this is probably the smallest group) there will be judges who preside over and decide insurance litigation, or legislative and supervisory officials who make and administer the laws applicable to the business.

Those of you in each of these classes will have different interests in the business, and will be looking for different answers to the question, "What Lies Ahead for Insurance?" Many of you will be putting the question simultaneously from several points of view. The basic problem of those, like myself in company management, is to recognize these questions and points of view, to know the answers you wish to hear, to work out the best reconciliation our judgment suggests where these answers conflict, and then to make these answers come true as far as we can do so.

Let me give you one man's opinion of what the answers should be to each of the groups I have mentioned: the staff, the stockholders, the policyholders, the claimants, their counsel and the officials who deal with the business. Then let us consider what might be done to make these answers come true.

*An address by Mr. Diemand before the Federation of Insurance Counsel, Houston, Aug. 22, 1956.

Insurance Stockholders Expectations

Those of you who are insurance stockholders would like to hear it said that the future holds prospects of dividend increases and capital gains. Stated at long enough range, the prediction can be honestly made. Insurance is a growth industry. It has been particularly so during the first half of this century, as its casualty branch has come of age. As the tempo and complexity of modern life has increased and as number and density of population has grown, the risks of living have multiplied correspondingly. As experience with these risks has accumulated, and as their occurrences have been studied, means have been devised to spread them through new methods of underwriting. Each success in this direction has broadened the insuring public and deepened its realization of the need for new coverages.

A sensational example in this direction has been the development of personal accident and sickness insurance. You are equally aware of the current pressure for widening the automobile field. It takes no great imagination to appreciate the similar trends which must follow as the peaceful uses of nuclear energy expand.

Thus, speaking in broad outlines, there is every reason for long-range optimism among the stockholders of sound, well managed and progressive insurance companies. From a shorter and immediate view, one must be more cautious. In the next few months insurance, in common with all other business, faces the nervous uncertainty surrounding an election. Moreover, this is the season when the younger sisters of those lusty, gusty, ungracious and expensive ladies, Carol, Edna and Hazel, may visit the scene.

Claimants' Expectations

Now let us turn to a class which is larger than stockholders, but less intimately connected with the companies — those presenting claims. In reply to the question, "What lies ahead?" they should like to hear it said that they can continue to expect fair and prompt settlements.

There is no reason to give any different reply. Having in mind the number of policies written daily by all types of insurers, and the number of claims and losses occurring under them, it is astounding how seldom there are differences of opinion leading to litigation. The ratio of claims to suits brought is what you lawyers call *de minimis*. Speaking facetiously, this may be disappointing to you gentlemen of the Bar; but, quite seriously, it is a tribute to the mutual fairness with which your clients and our companies approach solution of the complex questions of fact and law which appear in the reports of those cases which *are* litigated.

However, there are at present two obstacles to prompt and fair settlements in the field of third party claims, of which you are aware and which cannot be passed unnoticed. Both deserve your careful study and best efforts.

Let us consider promptness first. To quote a legal maxim, "Justice delayed is justice denied." You are at once aware of the topic to which I refer. The problem of congested court calendars is one under anxious scrutiny of the bench and bar throughout the country. Let me urge each of you to do his best to solve it.

As to the question of fair settlements, they will continue to be the rule if both sides approach them in good faith. Difficulties arise when either side sets out to over-reach the other. Such tactics are soon discovered. A natural, if not wholly justifiable, reaction takes place. Dealings become at arms length, and if this continues long enough, fists appear at the ends of the arms.

The subject need not be pursued further. It is not for me, as a layman, to suggest details of your conduct as trial lawyers—either for claimants or for companies. However, let me suggest this thought:

Bending *every* effort to get the last dollar out of the companies can, in the end, be as harmful to claimants as can last-ditch resistance to claims by companies. Somehow or other the courts, legislators and supervisory officials find ways of dealing with over-zealous advocacy on either side.

Policyholders Hope for Better Services

Now let us turn to the largest and most important class of persons concerned with insurance, the class to which I am sure you all belong — the policyholders. They are our customers, and "the customer is always right." This is not pat and pious motto. It is good, hard business sense. Without the customer's dollars the wheels of business would not turn.

What answer does the policyholder hope to hear given to the question we are discussing? In common with all other buyers, he hopes for better goods (in our case services) at better prices, and on more convenient terms.

Again—but subject to considerations I shall mention shortly—there is no reason to give anything but an encouraging reply in long-range terms. For the immediate present, there are very serious problems.

With funds to back their underwriting higher than ever in our history, and with more capable people on their staffs than ever before, the insurers of this country are better than ever equipped to give the insuring public the broader and simpler coverages they have every right to expect. Again, now that the legislatures of every State in the Union permit multiple-line underwriting by properly qualified insurers, it would seem that the legal road has been cleared for fire, marine and casualty companies who wish to give their policyholders full service in their field. Looking to the future, it is not hard to imagine that before long the barriers between the life and non-life fields—already broken as to accidental death coverages—will disappear. Multiple-line will become universal underwriting; and the American insurance industry will come to the maturity long since reached abroad.

Coverage Price Favorable Factors

From the policyholder's point of view, there are equally favorable factors at work as to price of coverage.

With the benefit of a long history of business accounting, of developing statistical theory and practice, and with the age of high-speed data processing by electronic methods at hand, it would seem that appreciable savings on the expense side of the premium dollar should be possible. Moreover, laws requiring rates to be "reasonable, adequate, not excessive and not unfairly discriminatory," now on the books of every State, would seem to require that these savings be passed on to the policyholders.

Furthermore, the widely tried and proven practices of instalment financing, prevalent in almost every other field of business, would lead you to expect that there would be no difficulty in making the same conveniences available to buyers of insurance. In virtually no States are there laws to prevent it.

Why, then, should I hesitate to paint a completely rosy picture from the policyholder's point of view? In brief, it is because of the experience of my own group of companies.

These conditions favorable to the policyholder, of which I have just spoken, are not completely new. We saw them developing more than ten years ago. True to the principles which have guided our companies since their founding—that we best serve our stockholders and agents when we best serve the public—we sought to take advantage of every opportunity to provide the broadest and simplest coverages at the lowest possible prices and on the most convenient terms consistent with sound underwriting and allowed by law.

We could not see how there might be any valid objection to these principles, nor any good legal ground for contesting our right to follow them. To our mind, then and now, these were principles which should guide every member of the industry.

Unanticipated Obstacles

Naturally, we could not expect every one of our competitors to acquiesce in every detail as to when and how each new form of coverage, each new scale of rates, and each new method of premium financing should be put into effect. Again, we could not expect that the officials charged with supervision of our business would *immediately* and *automatically* approve every proposal we might present. However, we saw then no reason to anticipate the long, bitter and concerted opposition by our competitors, and the difficulties of administrative interpretation which we have since faced.

You will recall that in 1944 the *South-Eastern Underwriters Association* case reached the Supreme Court of the United States. In it the Federal Department of Justice had charged that this Association, its member companies, and officers had violated the Anti-Trust Laws by using coercive methods to freeze forms of coverage, premium rates and agents' commissions. The defendants demurred on the grounds that these were not matters of Federal concern; since insurance was not interstate commerce. The Supreme Court ruled that the demurrer was insufficient, that insurance *was* commerce (interstate commerce when conducted across State lines), and that, if the alleged

coercive acts had occurred, they *were* violations of Federal law.

You will also recall that the charges were never tried; because the 79th Congress passed in 1945, and the President approved, its Public Law 15, known as the McCarran Act. Knowing the evils of restraint of trade charged in the S. E. U. A. case, and aware of its power (declared by the Supreme Court) to correct them, Congress nevertheless declared the continued regulation and taxation of the business of insurance by the several States to be in the public interest. It did so, however, upon very significant conditions. After giving the States two years to perfect their patterns of insurance legislation during which (speaking generally, to be brief) Federal laws should not apply, further suspension of Federal law was conditioned on the existence of State regulation. Furthermore, Federal law was to apply in any case to acts or agreements of boycott, coercion or intimidation. It is most important to recall that this law was passed only after industry representatives had attempted—and failed—to persuade Congress that the insurance business was entitled to a complete exemption from the Anti-Trust Laws.

At this stage the intent of Congress seemed abundantly clear, and nothing has since happened to becloud it. As in all other national industries, those who wished to compete should be at liberty to do so, free of boycott, coercion or intimidation. On the other hand, those who wished to act in concert and who had grown accustomed to doing so under the previous regime of State regulation, should be permitted to do so —upon the condition that the States provide regulation to protect against abuse of this privilege. It is safe to say that the thought furthest from the mind of Congress was that the anti-competitive abuses charged in the S. E. U. A. case should be continued under the protection of State laws.

Multiple-Line Legislation

During the two-year moratorium granted by Congress the States began to develop their pattern of multiple-line legislation which I have mentioned before, thus giving authority for the broader and simpler coverages we wished to write. Again, during this period, nearly every State passed rating laws, authorizing concerted action in price fixing (which you all know to be *malum per se* under the Anti-Trust Laws) *but* on the condition that the prices fixed should be "reasonable, adequate, not excessive and not unfairly discriminatory." Furthermore, in each of these laws it was provided that:

"Nothing in this Act is intended (1) to prohibit or discourage reasonable competition, or (2) to prohibit or encourage uniformity in insurance rates, rating systems, rating plans or practices. This Act shall be liberally interpreted to carry into effect its purposes as herein set forth."

Again in virtually every Act it was provided that no insurer should be obligated to join a rating organization. Furthermore, even in the few States where there are compulsory rating bureaus, as in those where there are not, provision was made for "deviations" (or independent, lower rates) by companies who could justify them by their own circumstances.

Against this background, we should have had no difficulty in introducting our program of broader and simpler coverages, lower rates based on demonstrated savings in expense, and more convenient instalment payments of premiums. If our competitors did not wish to follow us, there should have been no difficulty in our "going it alone."

Recent Difficulties

However, without extending these remarks beyond allotted time and limits of your patience, let me tell you a bit about the difficulties we have hade over the past decade in connection with our Homeowners Policies (to select only one of our "package" coverages), our rate deviations and our Instalment Premium Plan. Let me also say a word as to the difficulties we have had in sustaining our clear right to act independently of rating bureaus.

Unless you took the hours and days necessary to review the administrative and judicial records of our hearings, trials and tribulations, you would find it hard to believe the extent of concerted opposition we have met from our competitors to our placing these improvements before the insuring public.

The contests over the Instalment Premium Endorsement were long and bitter. They involved administrative hearings demanded by our competitors in more than 20 states, and appeals to the courts in five. Now this endorsement is approved in all but Mississippi, Missouri, New Hampshire and Virginia. Texas has its own note plan, and Virginia is about to set one up. As to deviations, our competitors forced us into long and expensive hearings and litigation in Pennsylvania, Illinois and New York. At present we are in Court in the District of Columbia, and about to get there in North Carolina. However, in no jurisdiction have we yet been finally defeated in this field. As to the Homeowners Policies, it has taken us about three years of constant negotiations with supervising officials to secure the approvals which we now have from 42 states.

Independence of Rating Bureaus

With respect to our general right of total or partial independence from rating bureaus, as we might choose, our competitors obliged us to take this question all the way to the Supreme Court of the United States, even though the New York Superintendent, all the courts of that State, *and* the United States Supreme Court concluded that our right was clear. Even now these same competitors are obliging us to conduct that same struggle on the West Coast.

You, like we, must be asking ourselves how these things are possible in the light of the S. E. U. A. case, Public Law 15 and the State legislation which followed.

Can it be that it is still possible for insurance companies acting in concert, and through their organizations, to stifle competition and throttle initiative? Can they slow the rate of progress to the pace of the majority?

Confusing "Regulation" With "Control"

Alternatively, have the State supervisory officials misunderstood the *permission* given by Congress in Public Law 15, to "*regulate*" the business of insurance? Have they, instead, read into that Act a *direction* to "*control*" or "permit private control of" our industry?

To my mind, "regulation" of the business means:

(1) Establishment of proper safeguards; so that those who engage in it, being to a great extent fiduciaries as to the property of others, will be of good moral character and adequate ability; and so that the solvency of the underwriters is made as certain as possible;

(2) Promulgation of the broadest possigle *general* rules as to proper forms and rates *and* then

(3) Making certain that, within this broad framework, there is the fullest possible opportunity to compete by those who wish to do so in the public interest.

On the other hand, "control" (as I have used the word) implies cluttering up this broad framework of safeguards with a network of needlessly technical and inflexible rules as to the precise wording of forms, specific figures for rates, and the exact details of conducting the business. All the benefits of free enterprise, upon which the strength of our country is based, disappear when "control" in this sense takes the place of "regulation," when dead statistics are used to smother live judgment, and when initiative for the future is bound by chapter and verse of past precedent.

You may be sure that interest in the questions I have put extends far beyond those of us who are here today. Congressional interest in the business of insurance did not die when Public Law 15 was enacted in the 79th Session. You have only to look at the calendar of the 84th, dealing with flood, crop and war risk insurance, nuclear energy, "model" Workmen's Compensation, and other insurance problems, to realize the breadth and depth of congressional interest in our industry.

Whether or not that interest will remain favorable to State regulation, as conditionally permitted a dozen years ago, depends upon the answers to the questions I have put. Unless and until satisfactory answers are found by Congress, no one can be sure as to "What lies ahead in the regulation of Insurance?" As counsel for companies, as supervisory officials, as judges and legislators, you can do much to shape the answers. If you and we in company management continue to make the public interest our prime concern, as we are pledged to do, the answer is bound to be correct.

R. N. Barengo Opens

RENO, Nev.—Ross N. Barengo is engaging in a securities business from offices in the Rayland Building.

Hyman Goldstein Opens

FLUSHING, N. Y.—Hyman Goldstein is conducting a securities business from offices at 147-09 Seventy-first Avenue. He was formerly with First Investors Corp. and Ellis Greenberg Co.

With Pierce, Carrison

(Special to THE FINANCIAL CHRONICLE)

JACKSONVILLE, Fla.—Gladys R. Thomas and Katherine M. Hohle have joined the staff of Pierce, Carrison, Wulbern, Inc., Barnett National Bank Building.

With G. H. Walker

(Special to THE FINANCIAL CHRONICLE)

BELLEVILLE, Ill. — Elmer L. McCarron and Mrs. Laura LeTourneau have become associated with G. H. Walker & Co. Both were formerly with Newhard, Cook & Co., of which Mr. McCarron was Resident Manager.

NEWS ABOUT BANKS AND BANKERS

CONSOLIDATIONS
NEW BRANCHES
NEW OFFICERS, ETC.
REVISED CAPITALIZATIONS

J. Brooke Willis, Associate Professor of Banking at the Graduate School of Business of Columbia University has been appointed Economist of **Savings Banks Trust Company of New York** effective Oct. 1, it was announced on Sept. 17 by August Ihlefeld, President of Savings Banks Trust Company. Dr. Willis will direct the research and statistical work of the Trust Company, and conduct studies of savings banking problems. He will bring to this task wide experience as economist for industrial, government and banking organizations, as well as teacher and research specialist in the field of banking. Dr. Willis joined the **Chase National Bank of New York** as Research Associate in 1942, and became Consulting Economist of the successor Chase Manhattan Bank.

* * *

The First National City Bank of New York announces the appointment of two Assistant Vice-Presidents and one Assistant Cashier, all in the Overseas Division at Head Office. Kenneth K. Rounds, former Manager at the **Avenida Ipiranga Branch** in **San Paulo, Brazil**, will become an Assistant Vice-President in the South American District. Everett S. Tewksbury, former Manager at **Rio de Janeiro**, will be an Assistant Vice-President in the Caribbean District. George Thiel will be assigned to the European District as an Assistant Cashier.

* * *

The Canadian Bank of Commerce announces the election of Robert B. Anderson of New York, to its board of directors. Mr. Anderson is President of Ventures Ltd.; President of Falconbridge Nickel Mines Ltd. and a director of Crown Trust Company and other corporations.

* * *

Reginald H. Brayley, Vice-President of **Chemical Corn Exchange Bank of New York** died suddenly on Sept. 12, of a heart attack; he was 59 years of age. Mr. Brayley was prominent in banking and business circles in the Grand Central and midtown areas where for many years he had headed various of the bank's offices. For the past several years he was a senior administrative officer of the bank's branch system. He also served on the boards of corporations and was active in philanthropic and civic work.

* * *

Arthur S. Kleeman, President of **Colonial Trust Company, New York**, announced on Sept. 14 the election of William C. MacMillen, Jr., a Director of that institution, as Vice-Chairman of the bank's Board of Directors. Colonial Trust Company is an affiliate of Chesapeake Industries, Inc., of which Mr. MacMillan is President. The latter corporation controls a number of companies in diverse domestic and international fields.

* * *

The County Trust Company of White Plains, N. Y., announced on Sept. 12 that Charles F. Kammerer, Jr., head of the company's cost analysis department and Manager of the investment portfolio, has been promoted from Assistant Treasurer to Assistant Vice-President. The announcement was made by Dr. Joseph E. Hughes, President of the company. A graduate of the American Institute of Banking, Mr. Kammerer is in his senior year at the Graduate School of Banking, Rutgers University.

* * *

Consolidation of the **University Bank of Alfred, N. Y.**, with capital stock of $28,000 ($3,000 preferred stock and $25,000 of common stock) with the **Citizens National Bank of Wellsville, N. Y.**, with common stock of $315,000 was effected as of Aug. 31, under the charter and title of the last named bank. At the effective date of the merger the enlarged **Citizens National Bank of Wellsville** had a capital stock of $360,000, in 14,400 shares of common stock, (par $25 each); surplus of $360,000 and, undivided profits of not less than $92,000. The quarters of the University Bank have become a branch of the Wellsville bank.

* * *

Plans for the merger of the **First National Bank of Richfield Springs, N. Y.**, into the **State Bank of Albany, N. Y.**, were approved by the stockholders of both banks on Sept. 12, according to Frederick McDonald, President of the State Bank, it is indicated in Associated Press accounts from Albany.

* * *

Fleming Kolby of Dover, Mass., formerly Assistant Manager of the Foreign Department of the **Rockland-Atlas National Bank of Boston, Mass.** was on September 18 appointed Manager of the Foreign Department. Mr. Kolby, a native of Denmark, received his early business training in Copenhagen. Since coming to the United States he has been active in foreign banking work.

* * *

The National Newark & Essex Banking Company of Newark, N. J., has called a special meeting of its shareholders on Oct. 3, for the purpose of voting upon a proposal to increase its capital stock. The bank proposes to offer to shareholders rights to subscribe to 55,000 additional shares on the basis of one new share for each six shares held of record at the close of business on Oct. 4; the subscription period will expire on Oct. 24. The offering will be underwritten by a group of underwriters headed by Merrill Lynch, Pierce, Fenner & Beane.

Proceeds from the financing will be added to capital funds, which now amount to about $19,500,000. The bank has outstanding 330,000 shares of capital stock ($25 par), including 45,000 shares issued on Aug. 31, 1956, in exchange for the capital stock of **Franklin Washington Trust Company of Newark.** After the proposed financing, the bank will have outstanding 385,000 shares of capital stock ($25 par). The bank, with resources of about $314,000,000 operates 20 offices located in Newark, Montclair, East Orange, Bloomfield, and other communities in Essex County. In 1955 the bank had net operating income after taxes of about $1,552,000, equal to $5.97 per share of capital stock outstanding at the end of the year. Cash dividends have been paid on the capital stock in each year since 1805. From time to time cash payments have been supplemented by stock dividends; a 5% stock dividend was paid on June 14, 1956.

* * *

Following the recent ratification of the plans incident to the merger of the **Franklin Washington Trust Company of Newark, N. J.**, into the **National Newark & Essex Banking Co. of Newark**, the five offices of the Franklin Washington Trust opened as branches of the National Newark & Essex Banking Co. on Sept. 4. The action taken by the stockholders of both banking institutions was referred to in our Aug. 30 issue, page 886. The merger was effected under the charter and title of the **National Newark & Essex Banking Co.** At the effective date of the merger the latter had capital stock of $8,250,000, divided into 330,000 shares of common stock, par $25 per share; surplus of $8,250,000 and undivided profits of not less than $2,787,200.

* * *

Edward L. C. Vogt, Morris County, N. J., attorney and a member of the law firm of Schenck, Smith & King, was elected a director of **The Morristown Trust Company of Morristown, N. J.**, on Sept. 13. Mr. Vogt became associated with the firm of King & Vogt—predecessor firm of Schenck, Price, Smith & King (now Schenck, Smith & King)—upon his admission to the bar in 1941. He is a son of the late Carl V. Vogt, one of the founders of the predecessor firm of King & Vogt, and President, from 1938 to 1943, of The Morristown Trust Company. Mr. Vogt is Chairman of the Morristown Housing Authority and a member of the Morris County Bar Association.

* * *

Approval has been given by the directors of the **First National Bank of South River, N. J.**, and the **First National Bank of Jamesburg, N. J.**, to plans for the consolidation of the two banks, it was announced on Sept. 12 by Joseph G. Mark and John H. Herche, respective Presidents of the two banks, according to the staff correspondent at South River of the Newark "Evening News" of Sept. 12. From the same advices we also quote:

"Special meeting of shareholders of the two banks will be held Oct. 2 to ratify the merger.

"Messrs. Mark and Herche said the consolidated bank will start business Oct. 22 under the name of the **First National of South River**, under the charter of the **First National of Jamesburg.** The latter's charter is one of the oldest under the National Bank Act, dating back to 1864. First National of South River was established in 1902.

"Besides favorable vote of the stockholders, approval from the Comptroller of the Currency is necessary for the merger. Tentative approval already has been received from Federal authorities.

"The new bank will have assets of **$26,344,217** as of June 30, making it the third largest commercial bank in Middlesex County. Capital structure will total more than $1,420,000 and capital reserves $241,000."

* * *

The Board of Directors of **The McDowell National Bank of Sharon, Pa.**, announce the election on Sept. 11 of John H. Evans as Chairman of the Board; John S. Bycroft, Jr. as President; Harry B. McDowell, Jr. as Vice-President and Cashier; Russell M. Shontz as Vice-President and Trust Officer; Lloyd P. Beachy as Assistant Vice-President and Auditor and Harrison F. Reinhardt, Assistant Cashier, as Manager of the Hickory Office.

Mr. Evans had previously been President and Trust Officer, Mr. Bycroft had been Vice-President and Cashier and others of the foregoing had also been identified with the management.

* * *

An increase of $700,000 in the capital of the **Exchange National Bank of Chicago, Ill.**, is announced as of Sept. 5, the addition bringing the capital up to $1,400,000 from $700,000. The enlarged capital was brought about by a stock dividend.

Stable Price Index No Assurance Money Is Sound: Spahr

Recalling the obsessions of the 1920's as to the virtues of a stable price index, noted monetary economist recounts economic functions of price changes. Disagrees that redeemable gold standard belongs to Victorian age, and that currencies should be manipulated to attain stable, or rising prices.

The notion that prices should fall as efficiency in production increases seems practically dead in our country. Currently popular agitations are either for stable prices, which generally mean stable indexes of prices, or for a gradual rise in prices, says Walter E. Spahr, Executive Vice-President of the Economists' National Committee on Monetary Policy.

Dr. Walter E. Spahr

The only good stable index of prices, he continues, is that which flows from a high degree of economic harmony. A rising or falling index may reflect, or contribute to, more economic harmony than does a stable index of prices.

Various business and government officials generally condemn *further* depreciation in the purchasing power of our dollar and urge a stable index of prices; but, says Dr. Spahr, none of them, including officials of insurance companies, seems to argue for falling prices to enhance the value of insurance policies and savings and to correct in part or entirely the losses suffered because of a depreciated dollar.

Current Obsessions

We are living again with some of the obsessions of the 1920's as to the virtues of a stable index of prices, the Economist contends adding that "there are also the generally accepted ideas that a sound and honest currency, such as is provided by a gold standard and a redeemable currency, belongs to the Victorian age, and that currencies should be manipulated by governments to maintain stable, or to cause rising prices."

It is unfortunate for this nation, in Dr. Spahr's opinion that neither of the political parties has shown respect in its platform for the valid principles and lessons which a careful study of economics teaches in respect to an honest and sound currency. Neither party has shown any conviction that continuance of the prevailing unsound monetary system and policies is an invitation to ultimate disastrous consequences.

Two With Baker, Simonds

(Special to THE FINANCIAL CHRONICLE)

DETROIT, Mich.—Roy G. Karro and Frank G. Zarnowski have become connected with Baker, Simonds & Co., Buhl Building, members of the Detroit Stock Exchange.

Joins B. C. Morton

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Franklin G. Freedman has become connected with B. C. Morton & Co., 131 State Street.

Paine, Webber Adds

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — Andrew J. McDonald has been added to the staff of Paine, Webber, Jackson & Curtis, 24 Federal Street.

NSTA Notes

NATIONAL SECURITY TRADERS ASSOCIATION

The National Security Traders Association has announced the preliminary plans for its 23rd Annual Convention which will convene at El Mirador Hotel, Palm Springs, Calif., Wednesday, Oct. 24 and conclude with dinner, Saturday evening Oct. 27.

Wednesday will be a day for registration, getting settled and to permit members to familiarize themselves with the excellent facilities for pleasure and recreation afforded at El Mirador. The evening reception will be held at the pool.

Thursday morning the past and present officers will meet for breakfast following which there will be a meeting of the National Committee. Rilea W. Doe, Vice-President of Safeway Stores, will address the Convention at luncheon Thursday. The cocktail party Thursday evening will be followed by dinner with entertainment and dancing.

Friday is a free day for sports and relaxation. Swimming, tennis, golf, badminton, riding and shuffleboard, to mention a few. Campbell Armor will be Chairman of the Golf Tournament which will be held at Tamarisk Country Club.

Twenty years ago the NSTA, only two years after organization, held its Annual Convention in Los Angeles. There on Aug. 4, 1936 the Constitution of the Association was formally approved and adopted.

To commemorate this important event a breakfast has been arranged for Saturday morning Oct. 27, to which all the National Committeemen who signed the original Constitution, all Past Presidents and members of the Present Executive Council are invited.

The National Committee meeting and election of officers will be held on Saturday morning. Clarence D. Phillips, a partner of the law firm of Phillips, Coughlin, Buell and Phillips, Portland, Ore., will address the luncheon meeting on Saturday and discuss "The Power Situation in the Pacific Northwest, Present and Future."

A style show and other entertainment has been arranged for the ladies while the gentlemen are occupied with the business meetings.

Reservations may be made with Edgar A. Christian. Stroud & Company Inc., Philadelphia, Pa.; John F. McLaughlin, McLaughlin Cryan & Co., New York, N. Y.; or Edward H. Welch, Sincere & Co., Chicago, Ill.

The Urgent Role of Chemists In Developing Atomic Energy

By DR. WILLARD F. LIBBY*
Commissioner, United States Atomic Energy Commission

An urgent plea is made by AEC Commissioner Libby to the chemists in industry and universities to render critically necessary assistance in atomic power, source materials, and isotopes problems, where solutions are being seriously delayed because of a lack of gifted help. Dr. Libby lists such problems as: developing homogeneous reactors, utilization of the product plutonium, making uranium tetrafluoride and/or hexafluoride; backlog of basic chemical information at elevated temperatures to solve critical atomic power cost obstacle; and improving industrial, agricultural and basic fundamental science usage of isotopes. Points out isotopes have made huge savings in industrial processing and other costs, and cheaper atomic power is greatly dependent upon the chemical fraternity.

I
Source Materials

From the time the uranium ore is mined, converted to U_3O_8 or to diuranate in the mill, refined to high purity uranium trioxide, hydrofluorinated to uranium tetrafluoride and reduced to uranium metal, to be placed in a reactor or further fluorinated to uranium hexaflouride to be placed in the gaseous diffusion plant for enrichment, the chemist is busily at work on atomic energy. His work continues beyond this point, too, for the irradiated fuel elements must finally be dissolved and the fission products and pluthonium and unreacted uranium all separated. It is quite a business. Taken as a whole it approaches some of our larger chemical occupations in magnitude.

Dr. Willard F. Libby

Upon completion of projects now under way, or definitely planned, production by the free world should be in excess of 30,000 tons of U_3O_8 per year. Today ore production for the United States alone is at a rate of nearly 3 million tons per year and is expected to reach 5 or 6 million tons. The Atomic Energy Commission has asked industry to get into the business of making uranium tetrafluoride and/or uranium hexafluoride. Proposals for deliveries totaling 5,000 tons per year of U_3O_8 equivalent of these two salts (or on an interim basis, uranium trioxide) are desired as of Oct. 1, 1956. To many chemists 15 tons per day may seem like a small operation, as indeed it would be for a heavy chemical. However, we are speaking here of products of very high purity—pharmaceutical standards at the very least.

Industry's response to this request has been gratifying. At the present time some 32 firms are actively interested and we anticipate perhaps as many as a dozen proposals.

II
Atomic Power

There are other tasks also. Irradiated thorium blankets must be processed for uranium-233 and plutonium fuel elements must be developed and their processing mastered. We understand from our knowledge gained from atomic weapons how to make plutonium metal parts, but it is not so clear what the irradiation effects, especially at high burn-ups, may amount to and it is not at all obvious that plutonium with its toxicity can be used as a fuel conveniently. A very considerable job remains for the chemist to do in the methods of manufacturing plutonium fuel elements and processing them after the irradiations are completed. All manner of alloys must be tested and various devices for the prevention of the escape of plutonium in the case of accidents incorporated. The possibility of utilizing plutonium in atomic power piles certainly exists. The necessity of doing so is not so obvious. Let us consider this for a moment and thereby illustrate how vital is the chemist's role in the Peaceful Uses of the atom.

The Nautilus reactor operates on highly enriched uranium and as a result makes very little plutonium. (Plutonium is manufactured by neutrons interacting with ordinary uranium-238.) However, the cost of uranium-235 is such that one cannot imagine economic power being generated indefinitely by the burning of uranium-235 alone. Some dividends must be obtained and the one normally envisaged is plutonium-239, which in itself is fissionable and therefore burnable as a fuel. Most power pile designs operate with uranium containing less than 20% of the isotope 235 on the average. (The power bilateral Agreements for Cooperation stipulate that the uranium-235 furnished by the U. S. Atomic Energy Commission will not exceed 20% in concentration except for limited amounts to be used in research and development test reactors.) Something like one-half of an atom of plutonium is made for every uranium-235 atom fissioned in most power reactors likely to find wide use in the near future. So, one kilogram of uranium-235 makes 500 grams of plutonium. This yield will vary with design and it may be that some reactors will yield as much as 800 grams of plutonium per kilogram of uranium-235 burned, or as little as 200 grams. It is even possible that some reactors will produce more fissionable material than they burn. The fact is that in power piles which do not use highly enriched uranium a great deal of plutonium will be made.

The Chemist Must Tell Us

Now, at the moment, the only use for plutonium known is in atomic weapons. No country has yet developed the technology of burning plutonium. It may seem that the atomic weapons business could take up the plutonium. This is the course the British Atomic Energy Authority has taken in their reactors at Calder Hall and the credit given for the plutonium produced is such that the electric power from the reactor is not too expensive. It is clear, however, that the problem of what to do with the plutonium still remains. Suppose, for example, that atomic power was segregated from weapons activities as being a Peaceful Use. Then we would have to say that plutonium generated from the reactors was not to be used for atomic weapons. What would then be its value? Obviously nearly zero, unless we knew how to burn it for power. At the moment we do not, and so the chemist's role in atomic power would become a most vital one in this case, for it is the chemist who will have to tell us how to handle the plutonium in view of its extremely poisonous characteristics.

One might envisage that the plutonium made by atomic power piles could be taken into the weapons stockpile to such an extent that one would never need to burn it for atomic power. Let us consider the numbers. Roughly speaking, a kilowatt for one year amounts to 1 gram of uranium-235 or plutonium-239 being fissioned. Therefore, for the present consumption of electric power in this country, which is about 70 million kilowatt years, if this were all atomic power, the fission of about 70,000 kilograms of uranium-235 or plutonium-239 annually would be involved, with the production of about 30,000 kilograms of plutonium-239 as a by-product. It is completely obvious, therefore, that if atomic power is successful and it uses uranium of modest enrichment, enormous quantities of plutonium will be generated. This may well exceed the market in the weapons stockpile requirements, particularly if our hopes that the peace will continue indefinitely are justified. Therefore, the problem remains with us in either case. In order that plutonium be of any value it is necessary that the chemist learn how to solve the problems involved in using it for atomic power. So chemists should be working on how to handle plutonium as a high priority matter in the development of atomic power.

Backlog of Basic Chemical Information Needed

Reactors delivering atomic power must work at elevated temperatures in order that a proper thermodynamic efficiency is possible. As a result, the materials of which the reactors consist must operate at such temperatures and the chemist's and chemical engineer's role in atomic power, at least in principal part, centers on the chemical reactions which occur at such elevated temperatures.

In most applications of chemistry in the modern technological world, the backlog of information available on performance at ordinary temperatures is adequate for the preliminary estimates of the important reactions which will be involved and the preliminary selection of the materials of construction and the procedures to be utilized in a project. This is not true in atomic power plants for the simple reason that there is no adequate backlog of basic chemical information at elevated temperatures. This is despite the excellent work done in recent years at Oak Ridge and other laboratories.

It is not possible to predict with any reliability the relative volatilities, thermodynamic free energies, or even the molecular formulas of the compounds which are likely to result from a given mixture of elements heated at temperatures between 500 and 1,000 degrees centigrade or above. It is true, of course, that isolated portions of this great field have been mapped. In particular, the geochemists in their studies of the reactions involved in the earth's crust have done a great deal. Also, the engineers interested in the development of jet engines as well as several other groups in industry have contributed sizable amounts of information, but the sweep of the whole field is so great, however, that it is true that great areas exist where simply nothing is known. For example, the problems of the solubilities of metals in salts at these elevated temperatures, of the solubilities of gases in metals, and of gases in salts, the problems of the rates of chemical reactions proceeding at these temperatures, of the relative densities, the lattice structures, and the other physical properties of the various phases of almost any given compound at these temperatures—nearly all of these are without any general delineations.

Urges All Chemists

We urge that chemists throughout the country join in a broad program on the investigation of the chemistry of high temperatures systems on an unclassified basis; the program to be pursued over a period of years with the thought in mind that in the not too distant future it will pay its way, by solving some of the very

Continued on page 28

*An address by Dr. Libby before the California Section of the American Chemical Society, Berkeley, Calif.

THE MARKET . . . AND YOU

By WALLACE STREETE

Under the influence of the Middle East crisis, continued credit stringency, and post-Maine election worries, prices were quite roughly kicked around during the past week. With the single exception of Friday, the occasion of the first rally—finally—including the rails along with the steels—after seven days of decline, the kicking was downward. But at no time did prices get out of hand.

"Time for a Change"?

In addition to the above-cited specific stimuli to the bearish ranks is the seemingly growing general worry that now it may after all be "time for a change" market-wise after the long bull era.

* * *

But the bulls have by no means been routed, either argumentatively or portfolio-wise. Continuing high employment, undiminished capital expansion plans, generally liberal dividend yields, low level of security loans, perking-up auto sales, and the ever-present inflation potential, are still relied on in many quarters as long-term market bolsterers. And then the overhanging possibility of a sudden reversal of the Reserve's restrictive credit policy is cited.

* * *

With the Dow Jones Industrials about half-way between their high of 521 registered April 6 and 462 low on Jan. 23, important break-throughs by individual issues on both the low and high sides continue to be touched off. These have included the utilities in the former category, higher competing interest rates and some disappointing interim earnings statements (as in American Gas and Electric) apparently offsetting their much-vaunted "defensive" attraction for portfolio switching. But while a goodly number of these issues, as Middle South, Public Service of Indiana, and Ohio Edison, are resting at or near their year's lows, General Public Utilities has concurrently registered a new high.

* * *

Textiles, with continued price-inventory difficulties still rampant in the industry, have also continued downward, with Stevens, Burlington, United Merchants among others joining the new-low's squad. Also in the fresh-bottom price group is the related apparel group, including Cluett Peabody and Manhattan Shirt. That some of these issues may now be in a buying zone is indicated by Manhattan's decline to 16 for its 2-for-1 split shares. This represents a price only 7½ times its last year's earnings, and 8½ times average earnings over the past four years; and a 25% discount from its net-quick liquidating value.

* * *

Interestingly, an important advisory organization, which has been consistently bearish in most areas, has just turned bullish on the textile industry, on the basis of "expanding population and rising dollar incomes" rectifying its present unwieldy inventory condition.

* * *

Turning quite decisively weak have been some of the Blue Chip glamor *growth* issues, including some of the chemicals, and with a new-low posting by that leader in progressive corporate management, Minnesota Mining and Manufacturing. We are thus reminded that even for the holder of this higher-echelon market category, the price-road is not always one-way, and long-term patience is required.

New Blue Chip Club Candidate

Newly a candidate for Blue Chip ranking, and thus registering a new-high for the year within the week, is National Distillers. In the investor's dog-house during several years of disappointing results from a bold diversification program, chiefly in chemicals, these efforts seem now to be finally paying-off. With its new chemical division coming through with 36% of the profits, the net for the first half rose to $1.08 from $.69 in 1955. Net profit for the full year 1956 is estimated by the management at $2.15 per share, for 1957 at $2.75 and for 1958 at $3.35; which would make the present newly reached price level of 28 quite moderate for this apparently genuine growth situation.

A Multi-Diversifier Comes Through

Also in contrast to the temporarily faded Blue Chip growth stocks, is another interesting new "diversifier," the former Philadelphia and Reading Coal and Iron Co. Divested of the "Coal and Iron" from its former name, it has within the past year added both a substantial popular-priced underwear and a cowboy boot and shoe business to its erstwhile anthracite operations. Its new stock market high at above-26, registered while the market was still on the skids Wednesday, representing a better than trebling of its lowly 7½-level of two years ago, largely follows growing public realization of its recent earnings expansion and potentialities—in addition to rumors of a forthcoming full-length company "profile" to appear in a leading periodical. Under its new set-up PRG during the first-half showed earnings of $2.67 per share after 23 cents put aside for inventory reserve. Thus the current price of 26 may well represent only five times the full year's earnings, which coupled with management's intentions for continued expansion via one more major unrelated acquisition, plus continuing search for related-to-anthracite projects, as in chemicals including hydrogen, would fully justify the issue's current strength.

Dow—Still Up Front

One issue still leading the Blue Chip "Hit Parade," both market-wise and comment-wise, even after its stupendous price performances, is Dow. Continuous vast expenditures for research over the years evidently have paid off, both absolutely and in relation to its competitors. Calculated on a cash-flow earnings basis, growth over the past decade has been 527% for Dow, 295% for Du-Pont, 243% for Union Carbide, and 181% for Allied. If the "cash-flow" earnings—calculated at $6 per share currently—be accepted as a correct basis for calculation, the present price of 71 may well be justified.

* * *

The rally in the railroad sector of last Friday, when the carriers enjoyed their best upturn since last November, makes striking the realization that, despite the carriers' miserable intervening market performance, the shares of six companies (five of them coal carriers) are still selling above their 1955 highs. So in this market area also is selectivity crucial.

[The views expressed in this article do not necessarily at any time coincide with those of the "Chronicle." They are presented as those of the author only.]

Thomas Spencer Opens

Thomas D. Spencer has opened offices at 527 Lexington Avenue, New York City, to engage in a securities business.

John Stanton Opens

GREAT NECK, N. Y. — John Stanton is engaging in a securities business from offices at 90 Schenck Avenue under the firm name of John Stanton Company.

Alvin Richelson to Open

CHATTANOOGA, Tenn.—Alvin Richelson will shortly open offices to engage in a securities business.

Paine, Webber Branch

SANTA MONICA, Calif.—Paine, Webber, Jackson & Curtis has opened a branch office at 1220 Fifth Street under the direction of Raymond G. Brewer.

Connecticut Brevities

The Connecticut Bank and Trust Company has started construction of a new branch in Norwichtown. The new branch bank will bring to 24 the number of offices operated by Connecticut Bank, one of which is in the center of Norwich, about two miles from the proposed new branch.

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The Southern New England Telephone Company has made application to the Connecticut Public Utilities Commission for authority to establish an employees' stock purchase plan. The company requests authority to set aside 500,000 shares of its common stock, $25 par, for sale through a payroll deduction plan. All employees would be offered an opportunity to purchase up to a maximum number of shares related directly to their basic salary. Payments would be deducted weekly and at the end of each year of the plan's existence employees would purchase stock subscribed for and paid for at 84% of the then market price.

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Pitney-Bowes, Inc. has recently announced plans to establish an employees' stock purchase plan. The company has filed a registration statement with the Securities and Exchange Commission covering an unspecified number of shares of its common stock, $2 par, with an aggregate offering price to employees of $728,000.

* * *

American Hardware Corporation has applied to the New York Stock Exchange for listing of its 624,317 outstanding shares of common stock, $2.80 par value. The company is one of the largest manufacturers of general hardware products and builders hardware supplies, largely marketed under the names of Corbin, Russwin, Sesamee and Unit. The main plant is at New Britain, Conn., and other plants are located at Hornell, N. Y.; Clarksdale, Miss.; and Belleville, Ontario.

* * *

Emhart Manufacturing Company has recently announced acquisition of another company, **Skyworker Corporation**, Milford, Conn., which will be operated as a subsidiary of Emhart. The acquisition was accomplished through an exchange of stock for 17,500 shares of Emhart common. Skyworker produces hydraulic equipment for carrying workers aloft for maintenance and construction work.

* * *

General Dynamics Corporation has begun construction of a new plant at San Diego, Calif., at an estimated overall cost of about $40 million. The Convair-Astronautics plant, which is scheduled for completion in about a year, will be largely devoted to development and production of guided missiles.

* * *

Plume & Atwood Manufacturing Company has purchased the manufacturing and sales rights of certain products from **Wasley Products, Inc.**, Plainville, Conn. The lines of products which were involved were in the decorative and utility metal products fields.

* * *

United Aircraft Corporation has registered with the Securities and Exchange Commission an issue of not more than 330,915 shares of convertible preference stock, $100 par, which will be offered to common stockholders of record Sept. 17 on a one-for-16 basis. Proceeds will be used to retire $12.2 million of short-term notes, for working capital and for construction of additional facilities, including proposed construction of a new engine plant on a 7,000-acre tract recently purchased in Palm Beach County, Fla.

* * *

The annual report of **North & Judd Manufacturing Company** shows that the company's earnings for the fiscal year ended June 30, 1956 increased by 113% over the previous year to $667,396 or $5.56 a common share. The increase was in some part due to the acquisition in April of 1955 of the Wilcox Crittenden Division, which produces marine hardware, boat equipment, heavy shelf hardware, and gray iron castings and forgings. Expenditures for new plant by the company amounted to $360,000 in the 1956 fiscal year and further expansion of facilities is contemplated for the coming year.

Combined Industries Common Stock Offered

Harold D. Levine, of New York City, is offering publicly 300,000 shares of common stock of Combined Industries, Inc. at $1 per share as a speculation.

Incorporated in Delaware on July 24, 1956, Combined Industries, Inc. acquired all of the outstanding stock of a New York corporation of the same name, organized on July 1, 1951, which manufactures wrought iron furniture and all types of tubular steel and wire products. The corporation's products are sold through mail order, chain and variety stores.

In each of the years ended June 30, 1952 through 1956, profits were reported. Net sales for the latest fiscal year totaled $532,071, and profits amounted to $8,057.

Giving effect to the present financing, there will be 400,000 shares of common stock outstanding.

Concord Securities Formed in New York

Concord Securities Corp. has been formed with offices at 170 Broadway, New York City, to engage in a securities business. Officers are Joseph D. Blau, President; Irving Resnick, Vice-President and Treasurer; and Elsie Weiss, Secretary. Mr. Resnick was formerly an officer of Gibraltar Financial Corporation.

With Draper, Sears Co.

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass. — George A. Kenney has become connected with Draper, Sears & Co., 50 Congress Street, members of the New York and Boston Stock Exchanges.

Public Utility Securities

By OWEN ELY

Montana-Dakota Utilities Company

Montana-Dakota Utilities supplies electricity and/or gas to 240 communities in Montana, North and South Dakota, and Wyoming, the population served being about 332,000. The area is largely devoted to agriculture and livestock raising, copper and zinc refining and mining, and development of oil and gas.

Revenues are 56% from gas, 43% from electricity and 1% steam. Residential and rural sales contribute 44% of electric revenues, commercial 37%, industrial 13%, and other 6%. Average residential electric use of 2,785 kwh is slightly above the national average.

Gas is used universally in the company's area for space-heating, water heating and commercial processes. The company's gas rates are as low or lower than rates prevailing elsewhere in the United States, due to such factors as (1) low cost company-owned reserves acquired some years ago; (2) long-term and life-of-the-field contracts made at favorable prices over a period of years; (3) use of storage reservoirs; (4) favorable location of producing areas, and (5) high-average winter consumption.

An important development in the gas division was the completion of contracts for the purchase of gas in the Beaver Lodge-Tioga area in North Dakota last year. Initial steps in this development included the purchase of a propane-air distribution system at Minot, N. D., construction of 122 miles of high pressure gas pipe line to market natural gas in Minot and other communities, and the connecting of the new source of supply to the company's existing system. The company expects to add a large number of gas heating customers and is also beginning to service 11 small communities between Minot and Williston. As additional reserves of gas are developed in this area, further extension of the new system eastward is contemplated.

There has been considerable market interest from time to time in Montana-Dakota Utilities because of the company's large land holdings in the Williston Basin. Leasehold and operating-agreement holdings comprise 261,353 acres, including 65,000 acres in the Baker Field, and 140,000 acres in the Bowdoin Field (Montana). Commercial oil was discovered in the Williston Basin about April, 1951, and Montana-Dakota Utilities engaged Shell Oil to carry on a drilling program in the Baker Field.

Activity in the Cedar Creek Anticline, where the company's principal acreage is located, has included step-out drilling for the exploration and extension of the fields now being developed, as well as the drilling of additional wells in the known productive areas. Shell earlier this year was operating 12 drilling rigs and two completion rigs on the Cedar Creek Anticline, in the vicinity of or on company owned acreage.

According to the Company's interim report for June 30, 1956, exploration and development has continued at a steady rate in eastern Montana. At that date there were about 100 producing wells in the Cedar Creek Anticline Field. Reports indicated that 458,169 bbls. of oil in April and 506,610 bbls. in May were moved from fields on the Cedar Creek Anticline in which the company had an interest, to mid-continent terminals via the 452-mile Butte Pipeline. These monthly oil runs represent a substantial increase over monthly runs in the first quarter.

Of particular importance to the company and to eastern Montana was the completion late in 1955 of Butte Pipe Line Company's 450-mile crude oil line from northeastern Montana southward, connecting with crude lines near Fort Laramie which serve Mid-west refining centers. The Butte pipe line provides a market outlet for crude oil produced in the area, which hitherto has had a very limited market. Completion of this project means accelerated activity in exploration and production of oil throughout eastern Montana, particularly on the Cedar Creek Anticline.

The company's capital ratios at the end of 1955 were as follows: long-term debt 52%, preferred stock 18%, and common stock equity 30%. Nineteen fifty-six capital requirements for new construction approximate $9 million, which will be provided partly with internal funds and partly through a bank loan.

While the balance available for common stock showed a gain of 7% last year, about in line with the increase in revenues, share earnings were held to $1.46 (the same as the previous year) because of the additional 241,577 shares of common stock issued in exchange for the assets of Montana-Wyoming Gas Pipe Line Company. The property had formerly been leased.

The stock has been selling recently around 25 (range this year 28-23½) and pays $1 to yield 4%. Based on earnings of $1.59 for the 12 months ended June, the price-earnings ratio is 15.7, doubtless reflecting the possibility of more extensive oil discoveries on the company's large acreage.

Year Ended Dec. 31	Revenues (Millions)	Common Stock Record Earnings	Dividends	Approx. Range
1955*	$23	$1.46*	$1.00	32½-24
1954	22	1.46	0.90	25 -19
1953	19	0.95	0.90	28½-17½
1952	18	0.94	0.90	29 -22
1951	17	0.73	0.87½	27½-11½
1950	14	1.55	0.80	13½-10½
1949	13	1.25	0.80	14½-10
1948	11	1.18	0.80	13½-10
1947	10	1.39	0.70	15½-11½
1946	9	1.27	0.60	19 -11½
1945	7	0.40	0.45	12 - 9½

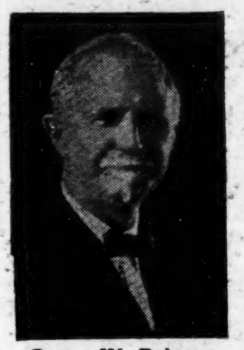
*Pro forma to show full year's operation of Montana-Wyoming Gas Pine Line Company, acquired Dec. 31, 1955.

Developing a Child's Interest In Potentialities of His Brain

By ROGER W. BABSON

"Teach the child about his own brain," from the early grades on, is urged by financial advisor Babson, who desires to encourage all children to become intensely interested in their brains. Quotes Thomas J. Watson observation: "If one of my machines is worth a half million dollars, the brain which every child has is worth ten million dollars."

If I have any real hobby, it is the study of the human brain. In fact, if I were to live my life again, I should devote myself to development and harnessing of the human brain.



Roger W. Babson

Any school superintendent who insisted that first-grade children should be taught psychology would probably be called "crazy." On the other hand, I believe if he did not use this long word, but merely began in the early grades to teach the child about his own brain, he would be praised. After 12 years spent in the Gloucester public schools, and four years in the Massachusetts Institute of Technology, I had never heard of psychology. Yet it seems only common sense to begin education by teaching a child about his own brain, with which he will learn everything in the years to follow.

As so many children are starting their first formal education this month, I urge that their interest be aroused in the wonderful machine which every one of them has in his head. It makes me cross to see the attention which is given by the press to the new electronic computers, while so little space is devoted to the human brain. In fact, Mr. Thomas J. Watson, late President of International Business Machines until his death a few weeks ago, once said to me, "If one of my machines is worth a half million dollars, the brain which every child has is worth $10 million!"

Brains Compared With Telephone Systems

Every child who has entered school this month has in his head the equivalent of three pounds of mental switchboards. These are connected by the equivalent of telephone wires to every part of the body. Whenever, we touch anything, see anything, hear anything, smell any odor, a telephone message is immediately sent to our brain. There it is automatically directed to one of these switchboards, which in turn makes a permanent impression upon some part of the brain similar to the small circular impressions on a long-playing phonograph record.

There are many such "switchboards" with millions of plugs. The chief switchboards are the following 12: **Desire — Instinct — Memory — Industry — Common Sense—Expediency—Reason—Inspiration—Imagination—Religious Faith — Hope — Love.** These last three are the most important for the good of mankind. But from a business point of view, perhaps Industry, Common Sense, Inspiration, and Imagination will give school graduates the best salaries and job opportunities. In my business I am especially interested in getting people with keen imagination, who can correctly see into the future. I believe the great opportunities lie with those who have cultivated this power.

How Our Brains Work

Each child possesses hundreds of thousands of living cells. Some are pressure-sensing cells; others are seeing, tasting, and smelling cells. All of these have "private telephone" lines to the brain, which automatically transmit messages by the "dial system" to the right switchboard, which in turn makes the permanent record.

I believe that children could become tremendously interested in their brains, and that this interest could add 100% to their educational results. Children are always interested in animals. When it is shown them that moths have smelling powers to find their mates several miles away; that the instinct switchboard in the heads of dogs enables them to find their way home and hunt out criminals! and that the robin on the lawn has far better eyesight than we have, children will wake up to their own precious possibilities.

Children should be taught that in their heads they carry a telephone system with more private lines than the telephone systems of our largest cities. Getting children to use more of these thousands of private lines and dormant switchboards will make for healthy, happy, and prosperous lives.

The real task facing our schools is not to develop more knowledge but rather more reason, self-control, and imagination. The ability to solve problems which have never yet been solved and to see more correctly into the future should be our real goals. I especially appeal for work with children because children can learn more in the first 12 years than they will be able to in the next 40. My closing thought would be to impress upon these children the great importance of the switchboard entitled religion, with its sub-switchboards of Faith, Hope, and Love.

Oscar Kraft on European Tour

Oscar F. Kraft of Oscar F. Kraft & Co., Los Angeles, is on an extended tour of Europe with his family. Having visited the Scandinavian countries, British Isles, the Lowlands, Germany and France, they will also tour Italy and Switzerland before returning to the United States.

To Be A. B. Gale & Co.

Effective Sept. 30 the firm of Gale, Bishop & Co., 115 Broadway, New York City, members of the New York Stock Exchange, will be changed to A. B. Gale & Co. Allen R. Bishop will withdraw from partnership in the firm.

Continued from page 3

Treasury Securities Market In the Short and Long Term

operates on margin, he is able to carry a position many times his capital. This greatly magnifies the profits that he can make when he is right on his position and also greatly magnifies the losses when he is wrong. The possibilities of profit and loss in the business are shown in the wide fluctuations that we have had in prices of long-term Treasury bonds during recent years. For example, there was a decline of some 9 points from May 1952 to June 1953. This was followed by an increase of some 11 points by August 1954, and there has been another drop, which in the past two years has amounted to nearly 10 points.

Turning to the types of Treasury securities that are outstanding with the public, I want to discuss only marketable securities, because these are the only ones that we actually trade in. Nonmarketable securities do, on occasion, have an influence on the Treasury market. This was most noticeable when the Treasury issued nonmarketable savings notes. It proved impossible for the Treasury to adjust the rate on savings notes to the rapid changes in market rates on short-term securities that occurred after the accord between the Treasury and the Federal Reserve. Investors shifted back and forth between marketable securities and savings notes, and the outstanding amount of savings notes went up and down so rapidly that the Treasury finally discontinued the issuance of them in October, 1953.

Types of Securities

Among marketable securities the shortest issues are Treasury bills, which are three-month securities at issuance. The next shortest are certificates, which have an original maturity of up to one year. The next are Treasury notes, which have an original maturity of from one to five years, and finally Treasury bonds. Bonds are divided into those that are fully taxable and those that are partially tax-exempt. The latter are a relic from the era when all Treasury securities were tax-exempt to some extent, and there are now only three of these issues still outstanding, all issued before World War II.

These segments of the market, to some extent, are inter-related, but each is also influenced by somewhat different factors, and at times you will find one section of the market more or less going off on its own because of some special circumstances that apply only to that section of the market. The long-term market is dominated principally by life insurance companies, mutual savings banks, and State and local government retirement funds. Nonbank financial institutions, such as life insurance companies, naturally prefer to invest in mortgages and corporate bonds, and they consequently view Treasury securities generally as residual investments.

For example, during World War II, when mortgages and corporate bonds were generally unavailable, life insurance companies placed some $14 billion of their funds in Treasury securities. Since the end of the war, they have sold $13 billion of the $14 billion that they purchased during the war, so that they are nearly back to where they were in the pre-war days. Of this total of $13 billion that they have sold, $10 billion were sold between 1945 and 1951, most of which time the Federal Reserve was pegging the market. Since the end of the war, mutual savings banks have sold $2 billion of Treasury securities. The principal factor in recent years on the other side of the picture has been purchases by State and local retirement funds.

Business corporations hold principally short-term marketable Treasury securities, and they hold them both as liquid assets and against their Federal income tax liabilities and other needs for funds that they expect in the future. As regards their purchases against Federal income tax liabilities, for example, they make large purchases during the second half of the calendar year, when their income tax liabilities increase more rapidly than their actual tax payments, and they are net sellers during the first half of the calendar year, when the reverse situation is true. This situation is changing as the super Mills Plan continues in operation.

Commercial banks hold short-term securities primarily for liquidity purposes. If commercial banks as a whole have a small amount of short-term securities, they may become more restrictive in their lending policies and in their policy as to investment in longer-term securities, which is what is happening right now. Commercial banks need liquidity, first, to take care of deposit shifts from one bank to another and from one part of the country to another, and, second, to meet their customer demands for loans. Each commercial bank consequently must deep a large amount of short-term securities that can be sold quickly at a minimum loss, and the amount that any particular bank keeps depends upon the type of deposits held by the bank and the amount of loans that the bank expects to make. When deposits shift from one bank to another, the bank that loses deposits, of course, also loses the same amount of reserve balances, but its reserve requirements decline by only a fraction of that amount. This bank then may sell short-term Treasury securities or purchase Federal funds, while the bank that gains deposits may purchase short-term Treasury securities, sell Federal funds, or make repurchase agreements with dealers.

Gauging the Money Market

In trying to forecast what is likely to happen to the money market in the future, however, we are more interested in various other factors that result in gains and losses of funds to all commercial banks as a whole. The most important of these factors are Treasury deposits at the Reserve Banks, currency in circulation, and float. An increase in Treasury deposits at the Reserve Banks means that the Treasury has withdrawn more funds from commercial banks as a whole than it has paid out to them, and a decrease means that it has increased the reserves of commercial banks. This factor has been of much less importance in the money market during the past year, when the Treasury has followed the practice of having so-called "C" calls, where they occasionally make calls on the "C" banks during the morning for payment that day or where they make a re-deposit or cancel a call that has previously been made. This has enabled the Treasury to hold its balance reasonably close to the level of $500 million which they try to keep, and consequently it is no longer a major factor in the fluctuations in the money market. An increase in circulation, of course, reduces bank reserves. When circulation decreases, reserve balances rise.

Float Generates Credit

The final item of importance in the money market is float, or uncollected items. The bank that sends a check to a Reserve Bank for collection receives credit according to a time schedule, while the bank on which the check is drawn is not debited until the check is actually collected by the Reserve Bank. Any delay in the collection of checks, such as occurs, for example, when planes are grounded by fog, or when the Federal Reserve is swamped with checks, as it was from about the middle of June to the middle of July this year, increases float and reserve balances.

In estimating circulation and float, we rely principally on seasonal indexes that we have computed, monthly, weekly, and daily.

The fluctuations almost invariably follow the seasonal pattern of past years, except that you have to take account of unusual factors such as weather conditions. In addition to these items, member banks need to take account of changes in their reserve requirements that result, of course, from changes in their deposits.

When banks as a whole find that their reserve balances are less than their reserve requirements, they may sell short-term Treasury securities. In order to relieve a shortage of reserve funds for the banking system as a whole, however, these securities have to be purchased either by nonbank investors or by the Reserve Banks. Otherwise, the only source of funds to the banking system as a whole is borrowing from the Reserve Banks. If banks borrow for a long period or borrow an unusually large amount, they are likely to try to reduce their borrowing, first, by selling short-term securities, until their liquidity reaches a low point, and then by selling other securities or occasionally by reducing loans. Of course sometimes they are urged to do so by the Reserve Bank.

As I have said, commercial banks ultimately obtain reserves either through Federal Reserve purchases of Treasury securities or by borrowing from the Federal Reserve, but the condition of the short-term Treasury security market reflects in large part the proportion of these two sources of funds. Federal Reserve policy, as a practical matter, is reflected in the ultimate effect that their purchases and sales of Treasury securities have on the level of member bank borrowings or on the level of free reserves, which, of course, is excess reserves minus borrowings. When free reserves decline, rates on short-term Treasury securities rise; when free reserves rise, rates on short-term Treasury securities decline. In order to get the entire background of changes in rates on short-term Treasury securities, we also have to take into account purchases and sales of short-term securities by business corporations.

Role of Corporate Firms

Under boom conditions we can generally expect Treasury securities to be in supply in the market, and we can expect the Federal Reserve to purchase only part of the offerings. As a result yields will rise. Some potential sellers who are unable to find buyers except at considerable price declines may then withdraw from the market. During a business recession, on the other hand, Treasury securities usually will be in demand in the market, because investors will have a reduced private demand for their funds. At that time the Federal Reserve may be a large purchaser of Treasury securities, which puts reserves in the hands of commercial banks, and the whole market will rise.

New Open Market Policy

In recent years, open market operations have been confined entirely to short-term securities, as a matter of policy, and, with one exception, to bills, as a matter of practice. This is a policy of the Federal Reserve that has been subject to considerable debate. There are several reasons why this policy is being followed.

First, it permits the Federal Reserve to concentrate its planning on providing what it considers the proper amount of reserves, with the rate established in the market to the maximum extent possible. Second, it forces the Treasury in its financing to meet the demands of the market rather than to rely on the Federal Reserve to adjust its policy to producing an unduly low rate or to bail out the Treasury if the latter makes a mistake. Third, it enables dealers to make a better market, because the largest holder of Treasury securities, the Federal Reserve, and one with practically unlimited buying power, as a matter of policy, no longer enters the market. It seems to us that at times in the past they entered the market rather capriciously. The only occasion on which they enter the market now is in the slight contingency that the market becomes disorderly.

Finally, this policy eliminates all danger of returning to the vicious system of pegging that we had for such a long time after World War II. During the past year also, the Federal Reserve has made limited purchases of bankers' acceptances. They have said the reason was to show their interest in that particular market.

Theory vs Practice

To turn to Treasury debt-management policies, as a matter of general principle, during a business recession the Treasury should sell securities to commercial banks, and during a boom period the Treasury should have a surplus which it should use to reduce the holdings of commercial banks. It is a lot easier, however, to set up general principles for doing this than it is to carry them out in practice, as the Treasury has found out in the last few years. During a boom period the Treasury may try to increase holdings by nonbank investors. This is not so difficult as far as corporations are concerned, since they are usually attracted by the higher rate that develops on short-term securities during a boom period.

It is much more difficult, however, to sell long-term securities to mutual savings banks and life insurance companies, because at such times they are much more anxious to place their funds in private loans and securities, which are then readily available, and they are more apt to be net sellers than buyers of Treasury securities. In addition, as prices of long-term bonds drift down during a boom, there is little inducement to these institutions to buy additional amounts, when they feel that they almost certainly will have a loss on them in the future. In its refunding policies the Treasury during a recession should try to offer types of securities that will result in some shifting of ownership from nonbank investors to commercial banks. During a boom the Treasury should try to refund the issues that need to be refunded in such a manner that there is some shifting of ownership from commercial banks to nonbank investors. The extent of the shifting in both instances should depend upon the level and the trend of business, in other words, upon how much effect the Treasury wants to have on the business situation.

Past Year's Market

Next I'd like to discuss fluctuations in the Treasury market during the past year. My purpose in doing this is to try to give you some practical illustrations of recent developments in the factors that I have already mentioned. Another factor that enters the picture when you are studying the market closely is the psychology of investors, which sometimes is at variance with the underlying basic factors.

In general the past year has been one of a rapid rise in business for six months, followed by a more moderate rise and then by a renewed upsurge in the last month or so. It has also been characterized by an increasingly restrictive Federal Reserve policy until June, when there was some easing up in their policy, and then a more restrictive policy recently. Finally, there has been very little extension of the debt by the Treasury.

A year ago, in July, business was expanding rapidly, business loans had risen steadily instead of showing a seasonal decline, and the Federal Reserve had reduced free reserves to an average of about $100 million. The bill rate had risen to 1⅝%, and the Treasury was offering for cash subscription $750 million of the 3% bonds of 1995. Rumors of an additional offering of these bonds had reached the market during June, and the price had dropped from 101½ to nearly 100 by the time of the offering. In other words, all of the factors at this time seemed to converge on putting the market down, and actually it did decline, with the 2s dropping below 99 on Aug. 1.

Early in August 1955 the Federal Reserve tightened up further on its credit policy. A deficiency of about $200 million was established in the free reserves of the banking system. The discount rate was raised from 1¾% to 2%. The bill rate moved up to 1⅞%. Then we got one of our divergencies in the long-term market. Long-term bonds at that time apparently had been affected more by the Treasury's new offering than by the further tightening of credit, and for a number of months they held above the lowest levels that had been reached early in August.

During the remainder of 1955, business continued to advance, but some cross currents began to appear. Industrial production and manufacturers' new orders continued to rise, but retail sales leveled off. Then, in December, we had a Treasury financing that included a certificate and a 2½ year note, and this was something of a flop. Incidentally, this was the only time that the Federal Reserve deviated from its policy of buying only bills.

In the meantime, Federal Reserve policy had continued to become more restrictive. Discount rates were raised twice. The deficiency in free reserves increased to the neighborhood of $400 million. The rate on Treasury bills moved above 2½%. The yield on other short-term issues also increased. Long-term bonds, which had had some recovery in price, particularly during October following the President's heart attack, then lost this gain. Still, they didn't fall below their lows of early August, which was rather surprising in view of all of the circumstances.

During January and February 1956, it began to look as though the worst in the market was over. Cross currents in business became more evident. The Treasury had a successful financing that included the same 2½ year notes that were in the December financing, and the deficiency in free reserves was generally under $300 million. Bill rates eased a little, and the whole Treasury

market moved up in price. This period was rather short-lived. Although retail sales and manufacturers' new orders indicated weakness in the business situation, expenditures for new plant and equipment continued to expand, and the indications were that it would expand further in the future. In addition, bank loans showed a phenomenal increase around the March income tax period.

Federal Reserve policy then became more restrictive. The discount rate was raised. The deficiency in free reserves increased from below $300 million in February to $400 million in March and $500 million in April. The bill rate temporarily went above 2¾% and the Treasury security market in general dropped to new lows.

Late in May we had some evidence of relaxation in Federal Reserve policy. The deficiency in free reserves worked down to about $200 million. The bill rate dropped to 2½%, and the rest of the market moved up from the lows. Then, after the steel strike, some evidences of a new upsurge in business began to develop. The discount rate was raised to 3% only a week ago. Bills have gone up nearly to 2⅞%, and the whole market has dropped to new lows.

I have already referred to some of the factors that we use in following business conditions. The most important are projected expenditures on plant and equipment, inventories, retail sales, government expenditures, residential building, manufacturers' new orders, manufacturers' unfilled orders, and Federal Reserve policy. The latter affects principally residential building, expenditures by State and local governments, and to some extent expenditures for plant and equipment.

Short- and Long-Term Influences

In bringing all of this together, perhaps the most important point with respect to the long-term Treasury security market is to compare the supply of private loans and securities with the funds flowing to nonbank institutions, pension funds, and State and local retirement funds. In addition Federal Reserve policy is a factor in changing the relationship between short-term and long-term securities. In the short-term Treasury market, the most important factors are the operations of nonfinancial corporations and the Federal Reserve. The condition of the money market reflects essentially whether the Federal Reserve supplies reserves more by purchasing Treasury securities or by forcing banks to borrow. During a boom, we can expect Treasury securities to be in supply in the market and the Federal Reserve to purchase only part of the offerings, and the reverse to be true during a recession. Treasury debt management during a recession should be adjusted to offering the types of securities that commercial banks want, and during a boom it should aim at retiring securities held by commercial banks, although during a boom it can seldom succeed very far in that aim.

I have also tried to give you a practical example of the interaction of these forces in the market during the past year or so. The principal factors have been the business boom and the restrictive Federal Reserve policy, with Treasury debt management confined largely to short-term offerings since the sale of 3% bonds a little over a year ago. It has been a period of cross currents, which always involves the difficult problem of trying to evaluate the relative strength of market influences moving in opposite directions. Finally, I am sure that you will find that a study of the Treasury security market will be of help to you in analyzing other markets as well.

Troster Commander Of Retreads

Colonel Oliver J. Troster, general partner in the Wall Street firm of Troster, Singer & Company, has been elected national commander of Retreads, Inc. at the organization's national convention held at Wheeling, W. Va. He succeeds Raymond Ray of Boston, Mass. Membership in the group is limited to veterans who served honorably in the Armed Forces of the United States in both World Wars I and II. Retreads has department headquarters in 12 states and National headquarters in New York City.

Oliver J. Troster

Colonel Troster began his Army career as a buck private in the Illinois National Guard on the Mexican Border in 1916 and went overseas with the American Expeditionary Forces a year later. When discharged in 1919, he was Assistant Chief of Staff of the 33rd Division, with the rank of Lieutenant Colonel. Between the two world wars, he was a member of the reserves for 15 years. In 1942, he volunteered for active service and served four years in the Army Service Forces. He was recalled to active duty during the Korean conflict. Among Colonel Troster's decorations are the Silver Star, the Legion of Merit, the Bronze Star and an Army Commendation.

He is a trustee of the Peoples Savings Bank in Yonkers, a director of the O'Sullivan Rubber Corporation and a director of the Southeastern Public Service Company. He is also a member of the Board of Governors of the National Association of Security Dealers.

Also elected or appointed at the convention were:

Vice Commanders: Oliver S. Baublitz, Lancaster, Pa.; Dr. Arthur A. Gilbert, Winnetka, Ill.; C. Lee Spillers, Wheeling, W. Va.; Joseph W. French, Uniondale, N. Y.; and Walker W. Daly, Boston, Mass.

Adjutant, Elmer H. Braun, Flushing, N. Y.; Finance Officer, Kleng M. Nelson, Brooklyn, N. Y.; Officer of the Day, Raymond F. Lunt, Williamsport, Pa.; Chaplain, Rev. Elvin H. Shoffstall, Lancaster, Pa.; Judge Advocate, R. E. Neal, Wilkes-Barre, Pa.; Medical Officer, Dr. Joseph K. Surls, New York, N. Y.; Historian, Townsend H. Boyer, Haddonfield, N. J.; Service Officer, Edward Michaels, Jamaica, N. Y.; Coordinators, Frank T. Lynde, Chicago, Ill.; Ross H. Currier, Boston, Mass.; and Dr. Noel P. Laird, Lancaster, Pa.

L A Cashiers Meet

LOS ANGELES, Calif. — The Association of Investment House Cashiers held its September meeting Wednesday, Sept. 19.

The Proposed Pacific Coast Stock Exchange was discussed by W. G. Paul, President, Los Angeles Stock Exchange; Thomas Phelan, Executive Vice-President, Los Angeles Stock Exchange, and Archie Gilbert, Clearing House Manager, Los Angeles Stock Exchange.

Chevrier Opens Branch

HOLLYWOOD, Calif. — A. H. Chevrier has opened a branch office at 1737 North Ivar Avenue under the direction of Angie Anapol.

Securities Salesman's Corner

By JOHN DUTTON

The Road to Selling Success

Even in these days of "short cuts to success" where psychology, a quick course in the fundamentals of investment, and a few calls a day on the telephone to erstwhile acquaintances and friends are the modern counterpart of what security salesmanship can hold for the up and coming young bond man of 1956, we occasionally hear of a salesman who WORKS!

The other day I sat in a group and we were all talking shop. One man who was the head of a substantial underwriting and retail organization spoke up, "Possibly this is an indictment of all of us and myself too. The other day I was talking with a friend of mine with whom I am considering a substantial piece of business and much to my surprise he told me he had just bought an entire issue of $450,000 of tax exempt bonds from that fellow Condon who doesn't even have an office and who carries his business around in his hat. He told me he has bought other municipals from him. Every once in a while I hear that he has done business in substantial amounts with people that the salesmen in my office are passing up every day. He doesn't have the facilities, just his hat, an offering list, some circulars, and smile, and here we sit with an inventory big enough to choke us, a room full of well padded salesmen, and this fellow is out at 8:30 in the morning making calls and getting the business."

What Condon Does

I happen to know this fellow Condon; he's a throwback to the past. He learned how to sell back in the 'thirties when it was either work or else. He doesn't know the fancy tricks, but I'll tell you how he does it.

He's a friendly fellow. He smiles, is soft spoken, kind of a "shaggy dog" type. People like him.

He's smart enough to be the only salesman representing his firm (not local) in an area of over 500,000 people and where there is a large amount of retired wealthy people who invest in tax exempt securities.

He doesn't sell anything but tax exempts and sometimes a Mutual Fund. This way he has become a specialist and he knows the latest about his particular specialty—tax exempts! He doesn't have to cover the waterfront from speculative stocks to A. T. & T.

His firm has been backing him with consistent, lead producing small single column ads for years and they turn over all the leads to him.

After many years of selling and working in one area, and one particular phase of the investment business, he has accumulated a knowledge of who and where are the BEST PROSPECTS AND LARGEST INVESTORS.

He makes regular calls and plenty of them every working day. The people whom he visits are usually those with spare time to talk. He has a pleasant personality and makes friends with them. Many are retired or no longer so active in business life that they have time to see him.

His firm has a good name and he is selling merchandise that is competitive so his method of working produces results.

There Are Others

I have heard of another man who sold over $1,000,000 in Mutual Funds working from his home last year. He has carefully screened a list of 1,000 prospects who receive a mailing a month. He also has a customer list and a special list of 200 women prospects. Since his home is not equipped to prepare and send out these mailings he pays a mailing service $7.50 per thousand plus postage for their service. He uses prepared material that is sent to him by the Funds he represents.

He telephones prospects after mailings. He asks for interviews and he tries to fill his mornings, afternoons and sometimes evenings with appointments.

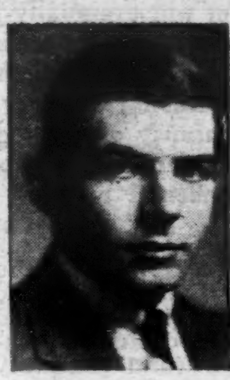
He has a single product to sell, he has organized his prospecting and his advertising, and he follows up his mailings with requests for appointments, and he works at it.

Possibly he is working too hard but figure it out for yourself. One million dollars a year of Mutual Funds, 6% gross commission, $60,000 of gross before very modest expenses. If a man can do this working out of his own home doesn't that give some of you investment banking tycoons who sit behind big desks in expensive offices with massive overheads wearing down on you every day you open your door, a few things about which to ponder?

There is something to be said in favor of that old fashioned little phrase, "WORK INTELLIGENTLY AND PROSPER," even if it is too often forgotten today.

Noyes Nominated to NASD Dist. 13 Com.

A nominating committee composed of Frank M. Cannon, First Boston Corporation, Chairman; David J. Lewis, Paine, Webber, Jackson & Curtis; John J. O'Kane, Jr., John J. O'Kane, Jr. & Co.; Carl Stolle, G. A. Saxton & Co., Inc., and Herbert R. Anderson, Distributors Group, Inc., have been appointed to secure a candidate for membership on the District No. 13 Committee of the National Association of Securities Dealers, Inc. to fill the unexpired term of Edgar J. Loftus, W. E. Hutton & Co., resigned.



Blancke Noyes

In a formal report presented to the District No. 13 Committee, the nominating committee has presented the name of Blancke Noyes, of Hemphill, Noyes and Company, to fill the vacancy left by Mr. Loftus.

If no additional candidates are proposed, the candidate nominated by the nominating committee will be considered duly elected.

John M. Irving Opens

WEST ISLIP, N. Y.—John M. Irving is engaging in a securities business from offices at 647 Everdell Avenue.

Prospects for Titanium's Use in Chemical and Other Industries

By DR. FRANCIS C. FRARY*

Member, Materials Advisory Board, National Resource Council

Resistance to chemical attack is basis for Dr. Frary's belief that titanium will eventually have an increasing use in chemical industry and marine engineering. The Materials Advisory Board member describes the metal's present supply and demand conditions; military importance in aircraft weight reduction; infancy of alloy development; use at higher temperatures compared to magnesium and aluminum; and extensive developmental role by private industry under governmental sponsorship.

Titanium is the newest of the three structural light metals, also the strongest and heaviest, and has the highest modulus of elasticity. It is also (and probably will continue to be) the most expensive of the three, and the most difficult to fabricate and shape into finished articles, such as airplane parts. Nevertheless, the supreme importance of weight reduction in aircraft and some ordnance items, and the development of supersonic speeds in military planes have made its availability very important. Consequently, the government has spent many millions of dollars, and will continue to spend more for a considerable period, on research and development projects concerned with the production of this metal, its fabrication, and the engineering information needed for its correct and efficient use in aircraft and ordnance.

Resists Chemical Attack

Its great resistance to chemical attack by most acids, alkalies and salts gives reason to believe that it will also eventually have an increasing use in the chemical industry and in marine engineering. No other metal has ever been forced into production and use under such pressure as has been exerted on titanium. Because of its military importance, the government has subsidized its commercial production and fabrication in various ways, and is continuing this policy. Nearly all of the present market for the metal lies in military applications, although civilian aircraft are also finding some profitable uses for it, even at its present high price.

When any metal is heated, it loses strength; gradually at first and then more rapidly as its melting point is approached. Aluminum and magnesium and their alloys, with melting point around 1200°F, begin to lose strength rapidly at temperatures above about 400°F. Titanium and its alloys, with melting points in the neighborhood of 3000°F, retain from about one-half to two-thirds of their much greater room temperature strength at 800-900°F. The friction of the air on the metal surfaces of aircraft in flight, and the resultant heating, are not sufficient, at the speeds of present commercial planes, to make trouble for aluminum and magnesium. In such planes, titanium is generally useful only to replace stainless steel at points where heat from the engines or exhaust gases has required the use of this much heavier metal. But in the "supersonic" planes and guided missiles, where speeds several times that of sound are planned (perhaps 1000-1500 mi. per hr.) the heating of wing and fuselage covering, from air friction, are too great for aluminum or magnesium alloys, and either titanium or stainless steel will be needed. With a specific gravity of only about 60% that of steel, titanium and its alloys become important in the design of such structures, where it is of vital importance to save every pound of dead weight.

Rate of Progress

Many of the non-technical public have been disappointed at the apparently slow rate of progress in producing and using this so-called "wonder metal." A Congressional committee produced testimony that 150,000 tons per year were needed for aircraft alone, but last year's actual sales of the wrought metal were less than 5,000 tons, and consumed only a small part of the year's production of "sponge" or primary metal.

Demand is improving, however, and this year's sales should be more than double last year's. This increased demand is very important, since practical experience is the only means by which the fabricators can solve their production problems and learn how to make sheet, rod, forgings, tubing, etc. of consistently high quality at lower cost. To accelerate this learning process, a rather large shet rolling program has been set up and financed by the government. This will furnish a large amount of experimental material for further fabrication and design studies, as well as experience and information as to commercially obtainable properties.

Our supply of the primary metal "sponge" is more than adequate for our present needs, and its quality has been steadily improved during the last two years, so that it is now excellent. With four relatively large producers and several companies with smaller pilot plants, ample competition is developing the technology of producing the metal by reduction of the tetrachloride with either magnesium or sodium. Also two other companies have promising electrolytic production processes operating in small pilot plants, and the Bureau of Mines has developed and described a very promising electrolytic process for refining impure scrap. A number of other processes are being (or have been) investigated on a laboratory scale.

Progress in Production

Electrolytic processes for the production or refining of titanium all labor under a serious disadvantage, as compared with the electrolytic production of aluminum and magnesium. While the two latter metals have a low enough melting point so that they may be deposited and accumulated in the electrolytic cell in the molten state, this is not true of titanium. Its melting point of about 3000°F would require a molten bath stable (non-volatile) up to at least 3300°F if molten metal were to be tapped out. No such fused salt bath containing titanium is known, and the operation of cells at such a temperature would be extremely difficult if not impractical.

Consequently, all electrolytic titanium processes involve producing on the cathode a spongy or dendritic crystalline mass of metal, impregnated with a large amount of molten bath. The cathode and this adhering mixture of metal and bath must, therefore, be removed from the cell at frequent intervals, in an inert atmosphere, and allowed to cool. Crushing and leaching of the mass and recovery of valuable constituents from the leach liquor add expense, and also give opportunity for oxidation of the metal, unless all coarse crystals rather than a spongy metal can be produced. Most experimenters have found this very difficult, and the sponge is always more impure than the crystalline portion of their deposits.

Considering the inherent difficulties involved in the physical and chemical properties of the metal, progress in its production may be considered to be very satisfactory. Much of the commercial progress (which has reduced the primary metal price by 40% in three years) has been made possible by government financial aid, particularly in guaranteeing a market (the stockpile of strategic materials) for all metal produced during a certain time by the new plants.

Chemical Property Difficulties

The chemical property difficulties, which I have mentioned, are basically important in both production and fabrication processes. While titanium is inert and noncorrodible by most reagents at ordinary temperatures, this inertness disapears at higher temperatures, and at the production and fabricating temperatures the metal avidly combines with even traces of oxygen and nitrogen. The molten metal reacts with all the common refractory crucible materials, and most (if not all) of the uncommon ones. Such materials always contain oxygen, nitrogen or carbon, which have a great affinity for titanium, dissolve in the molten metal, and harden it greatly if present in even small fractions of 1%. This is a basic difficulty, involving both equipment and operating expense, in both production and fabrication processes.

Titanium production operations must, therefore, be carried out at high temperatures in a vacuum or in an atmosphere of high purity argon. Melting and casting require the same atmosphere. Molten titanium can only be allowed to come into contact with solid titanium or with another metal which is kept cool enough so that the molten metal freezes at once on contact with it. The electric arc, usually in vacuo, is at present the only practical source of heat for the melting operation. Double melting in a vacuum is present practice, to remove hydrogen, which is also avidly absorbed by titanium and embrittles it. The hardening effect of these "interstitial" elements (oxygen, nitrogen, hydrogen, carbon) is particularly bad in reducing the elongation of the metal, and thus interfering with fabrication processes such as rolling, forging, drawing and shaping of finished products. Low elongation is also objectionable in the use of the final product. In general, not over about 50 parts per million of hydrogen, 0.15% of oxygen plus nitrogen, and .05% carbon should be present.

It is impractical to hot-work the metal in a vacuum or in an atmosphere of pure argon: we must therefore rely on speed in heating and working, and on the removal of scale (oxide and nitride) by some pickling operation which will, at the same time, introduce a minimum amount of hydrogen into the metal.

Because of the fact that pure titanium crystallizes in the hexagonal system at ordinary temperatures, the amount of cold work (rolling, drawing, forming) which it will stand is very limited. Fortunately, at higher temperatures, a change to the more ductile cubic system occurs, and certain alloys retain a considerable amount of this structure at room temperature. Much experience is needed by the fabricators to determine the proper equipment and best conditions for producing the semi-fabricated products (sheet, forgings, extrusions) required for aircraft and ordnance construction.

Alloy Development

Alloy development for titanium base alloys is still in its infancy. Certain alloys have been developed which can be advantageously heat treated in the laboratory, but commercial heat treatment practices remain to be developed. We need also to know more of the effects of long-time service exposures of heat treated alloys to elevated temperatures. There is probably a limiting temperature above which such exposure will cause an undesirable permanent change in properties.

The very high strength of titanium at ordinary temperatures makes anything but the simplest cold forming operation very difficult, if not impractical, unless the metal is in the annealed state. The problems involved in the local warping of formed articles, in any subsequent heat treatment, require investigation. If it becomes practical, with some alloy, to form articles after solution heat treatment and before aging (at an elevated temperature), the effect of cold working on the aging operation and the resulting properties may be serious and must be known. Good lubricants for hot forming remain to be developed. The great "galling" tendency of titanium, which makes it stick to the tools, particularly at high temperatures, is a serious problem.

Fabrication Behavior

Most of the production of semi-fabricated forms of the metal (sheet, rod, forgings, extrusions) has been done on machinery designed and used for the working of alloy steel, bronze or aluminum. Undoubtedly better results in both quality and cost could be obtained with equipment especially designed for titanium. But such equipment represents a heavy investment which the present volume of production does not justify. More important, we do not yet know enough about the behavior of the metal during such fabrication, the pressures involved, the effects of roll and die temperatures, shapes and materials, rolling and extrusion speeds, etc., to design such equipment with any certainty that it will operate well without extensive experimentation and changes. Corresponding equipment and fabricating practices for other metals have been gradually developed over the years, and much can be learned by the use of available machinery and from experience in working other metals. However this, and the development and building of new equipment especially designed for the fabrication of titanium, is going to require considerable time if heavy losses are to be avoided.

The production of extrusions of titanium and its alloys is particularly difficult. The high strength at elevated temperatures, desired for the eventual uses, involves the use of very high unit pressures in the extrusion cylinder. Unless a lubricant is used, the metal soon begins to stick to the die, and the extrusion has a torn or scored surface. The use of a molten glass lubricant in the extrusion of steel, avoids this difficulty, but gives an irregular surface and prevents holding the product to the desired close dimentional tolerances. Organic lubricants containing graphite or molybdenum sulfide have been tried, with varying results. Friction in the die causes it to wear rapidly, so die life is very short. Consequently, the production of extruded shapes, needed for aircraft, is at present very expensive as compared with the production of sheet or forgings.

The production of shaped castings is still highly experimental and very expensive. Simple shapes, like ingots, can probably be made by vacuum casting, using a furnace in which the metal is melted in a "skull" of its own composition, but the problem of mold materials for general castings is a very difficult one, and the production of a large series of small castings in a vacuum or under argon seems likely to involve great difficulties and expense. The high melting point of titanium makes the problems of reaction with mold materials, as well as with the atmosphere, very serious. It would seem that small articles would probably best be made by powder metallurgy processes or by forging or machining, rather than casting, unless some unexpected great advances are made in this art.

Higher Temperatures

In order to use titanium safely and efficiently in aircraft, a tremendous amount of engineering design information must be obtained. Since the principal field for titanium in aircraft lies where the metal will be exposed to temperatures of 400-800°F or higher, where aluminum and magnesium lose strength rapidly, this information must include the properties of the metal at these higher temperatures, where testing is generally more difficult and expensive than at room temperature. The great influence of "interstitials" on properties, and the difficulty of controlling (and in some cases determining) them complicates the problem. Not only tensile and compressive ultimate and yield strengths, with elongation values, but also creep strength for long and short exposures, fatigue and notch fatigue figures, Poisson's ratio, modulus of elasticity, etc., must be determined as functions of temperature. Detail of methods of joining (riveting, welding) must be studied and their effects on the efficiency of different joints in structures determined. The effects on various properties produced by the necessary cold forming (or possible hot forming) operations involved in aircraft manufacture must be determined.

All of this information is needed, not only for commercially pure titanium (however this may be defined) but also for each alloy which may go into commercial production and use. The aluminum and magnesium industries and their customers have been developing similar design information for over 30 years, for their products, and are still engaged in this work. Someone must spend a tremendous amount of time and money on acquiring this type of information on titanium.

There are not so many places in existing models of aircraft where titanium can be advantageously substituted for another structural metal (usually alloy steel or stainless) in current construction. The high sped supersonic planes of the future are in the design stage, and production of even prototypes may require several years. Meanwhile experimental use to develop practical experience in the behavior of titanium over longer periods of time, under service conditions, is being vigorously pushed. There is no lack of interest or enthusiasm, but a certain amount of caution is required in building structures where so much damage can be caused by failure of a part in service.

By Private Industry

We therefore have time to develop some manufacturing techniques and at least the most urgently needed engineering information, if the necessary work is vigorously pushed. Because of the chief demands in the near future (and the most urgent ones) are military, government sponsor-

*An address by Dr. Frary read by Prof. Herbert C. Kellogg before the second annual Titanium Metallurgy Program, New York University, Sept. 10, 1956.

ship is justified and is being given. Even with this aid, much time will still be required before titanium can take the place it deserves in the world's economy. We can be proud of the fact that, at least as far as the Western World is concerned, by far the greater part of the development work in this field is being done in this country, under the support of the United States Government, by private industry.

Detroit Bond Club Elects New Officers

DETROIT, Mich.—At a meeting of the Bond Club of Detroit, held on Sept. 5, 1956, officers were elected for the new fiscal year. They are as follows: Herbert Schollenberger, Campbell. McCarty & Co., President. Milo O. Osborn, Paine, Webber, Jackson & Curtis, Vice-President. Wilfred J. Friday, Friday & Co., Secretary-Treasurer. The Bond Club of Detroit will be holding their Annual Fall Golf Party at the Orchard Lake Country Club on Sept. 18.

H. Schollenberger

Bank of America Group Offers Los Angeles School District Bonds

A group headed by Bank of America, National Trust & Savings Association on Sept. 18 won award of $29,000,000 Los Angeles School District, City Junior College District Bonds, due Oct. 1, 1957 through 1981, inclusive, on a bid of 101.64 for a 3¼% coupon.

The bonds are being reoffered at prices to yield from 2% to 3.1%, according to maturity.

Associated in the offering are: The First National City Bank of New York; The Chase Manhattan Bank; Bankers Trust Company; Harris Trust & Savings Bank; Guaranty Trust Company of New York; J. P. Morgan & Co. Incorporated; Blyth & Co., Inc.; The First Boston Corporation; Smith, Barney & Co.

American Trust Company, San Francisco; Continental Illinois National Bank & Trust Company of Chicago; Chemical Corn Exchange Bank; The Northern Trust Company; Lazard Freres & Co.; Drexel & Co.; R. H. Moulton & Company; Glore, Forgan & Co.; C. J. Devine & Co.; Merrill Lynch, Pierce, Fenner & Beane; The First National Bank of Portland, Oregon.

Security-First National Bank of Los Angeles; Seattle-First National Bank; R. W. Pressprich & Co.; The Philadelphia National Bank; California Bank, Los Angeles; Equitable Securities Corporation; Bear, Stearns & Co.; Dean Witter & Co.; William R. Staats & Co.; Mercantile Trust Company, St. Louis and Reynolds & Co.

Elected Director

The Board of Directors of Doman Helicopters Inc., has elected Donald K. Phillips, general partner of E. F. Hutton & Co., a member of the Doman Board of Directors, Glidden S. Doman, Chairman, has announced.

Mr. Phillips has been associated for more than 30 years with E. F. Hutton & Co., members of the New York Stock Exchange and other leading exchanges. He is also a member of the Board of Directors of the Pacific Coast Co.

The Rising Threat to Britain In Political Trade Unionism

By PAUL EINZIG

Trial of strength between rising wages and reinforced disinflationary drive in next 12 months is predicted by British economist Einzig. Compares British trade unionism war declaration against Conservative Government with essentially non-political character of American labor movement, and sees, as a consequence, peril to U. K. economy—compounded by Suez crisis. Avers Socialists and trade unionists completely believe in physical controls as inflation-solution, and that it will take ten years of Labor Party rule to expose the fallacies of such Socialist economics.

LONDON, Eng. — The essentially non-political character of American trade unions is one of the many things for which Britain has good reason to envy the United States. For the recent accentuation of the political character of British trade unionism foreshadows endless economic, social and political trouble for Britain. The resolutions passed at the recent Annual Conference of the Trade Union Congress and the speeches made by some of the leading trade unionists amounted to nothing less than a declaration of war against the Conservative Government. For all practical purposes the British trade union movement has become an integral part of the Socialist Party and has gone into militant opposition to the Government at present in office. The grave significance of this change is gradually being realized in Britain. It has come to be regarded in business circles as the worst of the many evils Britain has to contend with.

Dr. Paul Einzig

Unions Elsewhere

In the United States it makes very little difference, if any at all, to the attitude of the trade unions in the matter of wages claims whether the Administration is Republican or Democrat. In a number of Continental countries there are separate trade unions for supporters of various political parties and their political tendencies cancel each other out, more or less. There are Communist and non-Communist trade unions, Socialist and non-Socialist trade unions, Christian or Catholic trade unions, with large memberships in each trade. Even that system, though far from satisfactory, compares very favorably with the new British system under which the whole might of trade unions will in future be used for making difficulties for any non-Socialist Government and therefore to the nation.

The difference made by the decision of the Trade Union Congress to bring wages restraint to an end may be more theoretical than practical. Throughout the postwar period the general rule was that trade unions made full use of their strong bargaining power to secure the maximum of wages increases and other onerous changes in working conditions. Their demands were pressed ruthlessly to the utmost limit of possibility, to the full extent to which it was possible to achieve the acceptance of the demands without a prolonged major strike. Nevertheless there were borderline cases, especially under the Labor Government, in which the unions were willing to accept somewhat less than the maximum they would have been in a position to achieve with the aid of strikes or threats of strikes for the sake of mitigating the inflationary trend.

Now that trade unionism has gone into opposition the political argument will work in the sense of reinforcing and exaggerating wages demands instead of restraining them. It is difficult to estimate even approximately how much difference this will make to the actual level of wages. What can be said with certainty is that it will make all the difference to the spirit in which wages demands will be negotiated. Even in the past trade union officials were fond of throwing their weight about when negotiating with employers. It is always difficult to resist the temptation of obviously enjoying the use of recently-acquired power. "Trade Union rudeness" has become a byword in industrial relations. Even so, it was possible to argue with trade union officials on grounds of considerations of public interest.

Union and Socialists' Blind-Eye

There is reason to fear that in the future such arguments will be brushed aside. To arguments put forward by Government or employers that heavy wages demands are inflationary the stock answer of the trade unions will be that inflation could and should be checked not by restraining wages demands but by reverting to physical controls and by drastically cutting down defense expenditure. Socialists and trade unionists are entirely unimpressed by the argument, supported by the overwhelming majority of economists, that physical controls would not suppress inflation but would merely disguise them by creating artificial situations of disequilibrium. They refuse to admit that such artificial positions cannot be carried with impunity beyond a certain point.

From this point of view it was a pity that in 1951 the Socialist Government was replaced by a Conservative Government because if the Socialists had remained in power for a few more years they would have had to face the full consequences of their economic policies. Their education would have been costly to the nation, but in the long run it would have been worth while to pay the price. As things are, it will take another prolonged Socialist rule in Britain to expose the basic fallacy of Socialist economics. During the first few years the next Labor Government will be in a position to claim that its difficulties were inherited from the Conservative regime. It will take at least ten years of continuous Socialist rule to make British opinion fully realize that artificial situations of economic disequilibrium, bolstered up by physical controls are untenable in the long run.

Higher Wages Hurts Exports

Accentuated trade unionist pressure in favor of disarmament is very ill-timed in view of its coincidence with the Suez crisis. The lessons of that crisis clearly show that Britain could ill-afford to reduce her strength in conventional armaments. It is true, disarmament would tend to be disinflationary. In practice, however, it would only mean that there would be more room for excessive wages demands which could then be conceded without immediate penalty in the form of an aggravation of the balance of payments position through the inflation of purchasing power. The penalty would be paid, nevertheless, through the effect of higher wages on the competitive capacity of British exporters. This means that if £100 million saved on defense expenditure is spent on additional wages increases, the degree of inflatiton would remain the same but the cost of production of British manufactures would increase to a larger degree than it would have increased if the £100 million had been spent on defense.

Taking a long view this would lead to an additional deterioration of the balance of payments.

To counteract the accentuated wages demands resulting from political trade unionism, the Government will have no choice but to reinforce its disinflationary drive. The trial of strength between the conflicting forces is likely to come to a head within the next twelve months.

$19,648,000 Bonds of Nassau County, N. Y. Publicly Offered

The First National City Bank of New York; Lehman Brothers and Halsey, Stuart & Co. Inc. are joint managers of an underwriting syndicate which was awarded on Sept. 18 an issue of $19,648,000 Nassau County, New York, General Obligation various purpose bonds, due Oct. 1, 1957 to 1985, inclusive

The group submitted a bid of 100.808 for a 3.40% coupon, representing a net interest cost of 3.3434%.

The bonds are being reoffered at prices scaled to yield from 2.25% to 3.35%, according to maturity.

Other members of the offering group are—Phelps, Fenn & Co.; Eastman Dillon, Union Securities & Co.; Goldman, Sachs & Co.; Kidder, Peabody & Co.; R. W. Pressprich & Co.; Merrill Lynch, Pierce, Fenner & Beane; Mercantile Trust Company, St. Louis; B. J. Van Ingen & Co. Inc.; Shields & Company.

Bear, Stearns & Co.; Geo. B. Gibbons & Company Incorporated; Kean, Taylor & Co.; Hornblower & Weeks; Adams, McEntee & Co., Inc.; First of Michigan Corporation; Bacon, Stevenson & Co.; W. H. Morton & Co. Incorporated; Hallgarten & Co.; A. G. Becker & Co. Incorporated; Baxter, Williams & Co.; Braun, Bosworth & Co. Incorporated.

Third Nashville Bank in Nashville; R. H. Moulton & Company; Eldridge E. Quinlan Co. Inc.; Malvern Hill & Company Incorporated; DeHaven & Townsend, Crouter & Bodine; Schwabacher & Co.; Rodman & Renshaw; Julien Collins & Company; Byrd Brothers; Fahey, Clark & Co.; Burns, Corbett & Pickard, Inc. and McDonald-Moore & Co.

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As We See It

nationalism now prevalent everywhere among the so-called backward regions of the earth. Many of these areas are rich in prized resources or lie athwart established routes of trade and transportation. They want independence—often so many of them want it that there is danger of a multitude of "splinter" nations none of which is able to sustain itself—and they are determined to have what they regard as their own to do with as they choose. The fact that the so-called great powers have developed these resources at great expense (usually quite lawfully) and that the backward peoples to whom they belong have greatly benefited from their development is as nothing to these aroused and fire-eating nationalists.

They Forget

These patriots also often forget that they are not as yet in a position to carry on in the event that foreign capital is pushed out. Such a situation can be counted upon to bring forth all the demagoguery to be found in newly democratized countries. Since it is a fact that all, or virtually all, of the areas now seething in this way have historically been spheres of influence of Western powers, the situation now existing offers many opportunities to imperialist Russia. The Soviets have, however, perfected a different technique for their colonization; they can be as anti-colonial as they please in what they say, and still slip in the back door when the Western powers move out of the front door. This is a state of affairs that has grown out of history, sometimes shameful history and sometimes not, but history in any event, and it represents a trend that is not likely to pass or fade away.

Historically, the imperialists were deterred in such situations, when they were deterred at all, by fear of war with other imperialists who were rivals for the prizes at stake. In this respect the presence of Russia in the controversy is orthodox enough, and as in the past is doubtless an important factor in the current situation, but there have been profound changes in the meantime. Whereas in former times what the Russians are so fond of calling colonialism was generally accepted as a matter of course, and imperialist nations proceeded to do a great deal that would today shock the public conscience and leave them without friends. The general idea of self-determination for all, or nearly all, peoples has taken hold of the minds in formerly imperialist countries, too, and force even to protect formerly acquired interests in backward lands is no longer feasible.

So it is that the larger countries and their nationals with funds invested in backward regions seem to be faced with the necessity of reconciling themselves in one way or another to the rising tide of nationalism abroad. There can be no question of "shooting our way through the Suez Canal," as Secretary Dulles puts it, or, for that matter shooting our way into oil regions to protect money invested there. It is, of course, a difficult, and in a sense a new situation. It need not, however, be disastrous. An infinitude of patience and level-headed foresight doubtless will be required. Probably certain losses, or at the least lost profits, will be inevitable. But we have no doubt that American ingenuity—and the ingenuity of other peoples—will seek and find ways and means of surmounting the difficulties which circumstances have strewn in their path.

Under Handicaps

Of course, former imperialist countries — apparently except Russia which appears in the eyes of imperialist victims to have expiated her sins — are under a severe handicap in dealing with these insurgent elements in backward areas. No matter what they do they remain suspect. The United States, being allied with the more active of the former imperialist countries, has its difficulties, too. Not unnaturally British officials—or some of them—do not find it easy to adjust themselves to the new conditions with alacrity. The same is to be said of the French. Our task of standing by our allies and at the same time trying to find present day solutions of old, old problems is not an easy one.

But it ought not to be impossible. The natural owners of most of these resources scattered around in the remoter parts of the world are palpably not capable, at this time at least, of exploiting them. They moreover are more often than not immersed in deep poverty. They desperately need Western know-how, Western capital and Western confidence. Western capital can make profitable use of the opportunities thus presented if only amicable and dependable relations can be established in these areas. So long as the situation remains what it is today in most parts of the world there is risk, of course, in going into such regions with large amounts of capital. In their own self-interest these backward peoples must be prepared to meet the outsider half-way. Russia, of course, is in no position to be of great help—nor has she any good economic reason for wanting to be.

The basic problem is, of course, to gain the good will and the confidence of the peoples of these regions. It should then be possible to sit down and lay plans for mutually profitable economic operations in these lands. Astronomical give-away programs are not likely to do the trick. Doctrinaire attitudes about "rights" will not help. Nassers there will be, but they, too, can be dealt with in due course.

Sheer Population Pressure Decried by Soil Scientist

"Soil Science" editor does not question our ability to feed America's growing population, but does question whether we can permit population over-crowding.

America's imminent problem is not food—because the nation can probably produce enough to feed one billion people well—but sheer population pressure and over-crowding, an agriculture expert warned the American Chemical Society meeting in Atlantic City, on Sept. 18.

"How long can we continue," asked Dr. Firman E. Bear, editor-in-chief of 'Soil Science', "with the yearly addition of the equivalent of one 60,000 city in every one of the 48 states without finding ourselves in each other's way? Some 1,000 million acres of our land will always have too little water—even after milking the clouds and extracting extra supplies from the sea — to support more than very sparse populations.

"And much of the remaining 904 million acres—some of this the most productive land we have —is being rapidly lost to cities, super-highways, factories, and reservoirs. The future looks highly exciting, but we'd better go slow about encouraging our young folks to hurry up and produce a lot more of us."

Over-population — rather than inadequate or inefficient agriculture—is already the primary problem of the Orient, according to Dr. Bear, former chairman of the Rutgers University soils department.

"In every Oriental country large acreages of land are being farmed with a high degree of efficiency, as measured by acre yields . . . but the people of India, China and Japan have, on the average, a 2,000-caloric diet in which only 5 to 10% of their protein is of animal origin. . . . In contrast, we enjoy a 3,200-caloric diet, with nearly 60% of our protein from animal sources."

A recent tour of the Orient, the editor said, confirmed his belief "that the Malthusian principle is as sound today as it was when first promulgated by Thomas A. Malthus in his 'Essay on the Principle of Population' . . . this principle is that the ultimate controls of population are famine, pestilence and war."

In the United States, commented Dr. Bear, "hopefully all of us can say . . . that 'the older I grow the more I appreciate children.' But there's a limit to our capacity to enjoy the grown-ups into which they develop. And Malthus . . . may in due time return to plague even us, synthetic chlorophyll urged on by atomic energy notwithstanding."

Baker, Weeks Opens Branch in Toronto

TORONTO, Ont., Canada — Baker, Weeks & Co., members of the New York Stock Exchange and other leading exchanges here and in Canada, announces the opening of a branch office in Toronto. The office, located at 12 Richmond Street East, will be under the management of David L. Chandler.

The firm, whose main office is in New York City, has other branch offices in Philadelphia, Montreal, and London, England, and has representatives in Geneva, Switzerland and Amsterdam, The Netherlands.

Stewart 50 Years With Kuhn, Loeb

Percy M. Stewart, partner in the investment banking firm of Kuhn, Loeb & Co., 30 Broad Street, New York City, and one of the most widely known syndicate men in the securities underwriting business, on Sept. 17 observed the 50th anniversary of his association with the firm.

Percy M. Stewart

When he entered the offices of Kuhn, Loeb & Co. in mid-September, 1906, he began a career which was to prove not only a case of rising from the bottom to the top but also of the city boy making good in the big city. For Mr. Stewart started with the firm as an office boy, having been born in New York City and educated in the public schools of the city. After gaining experience in all departments of the firm, he became a member of its syndicate department in 1926, head of the department in 1930 and a partner in the firm in 1941.

In financial transactions the public is often not aware of the people who work behind the scenes and make the decisions but in the world of finance Mr. Stewart is recognized as a leading authority on the pricing and selling of securities. As partner in charge of the distribution department of his firm he has managed underwriting syndicates for bond and stock issues of some of the most prominent industrial, railroad and public utility companies in the United States and for government, state and municipal obligations, domestic and foreign.

Complementary to his activities in the investment banking field, Mr. Stewart has undertaken many public service responsibilities. He has served as a Governor of the New York Stock Exchange, a Governor of the Investment Bankers Association of America, and as Chairman of several of the Association's securities committees. During World War II he was active in various War Loan Bond Drives and was Chairman of the Eastern Investment Banking Voluntary Credit Restraint Committee created pursuant to the Defense Production Act of 1950. He is also a Director of the Beekman-Downtown Hospital and a Governor of Federal Hall Memorial Associates, Inc., New York City.

Mr. Stewart is a Trustee of the American Optical Company, Southbridge, Mass., and a Director of Allen B. DuMont Laboratories, Inc., Clifton, N. J.; DuMont Broadcasting Corporation, New York City and Uranium Reduction Company, Salt Lake City, Utah.

Chicago Inv. Women Hear

CHICAGO, Ill. — Edward C. George, Vice-President of Harriman Ripley & Co., addressed the Investment Women of Chicago at their opening dinner meeting Sept. 19 on "Self Regulation in Security Business."

New S. F. Exch. Member

SAN FRANCISCO, Cal.—Ronald E. Kaehler, President, has announced the election of Charles M. Clisbee to membership in the San Francisco Stock Exchange. Mr. Clisbee is President and a voting stockholder of Charles M. Clisbee & Co., Inc., of Tulsa, Okla.

Bank and Insurance Stocks

By ARTHUR B. WALLACE

This Week — Insurance Stocks

Two weeks ago we discussed the surprisingly poor statutory underwriting results of a representative group of fire-casualty insurance stocks. This week we bring out two offsetting factors: the increase in the 1956 first half investment income over the like period in 1955; and the increment in the 1956 first half in the same companies' investment portfolios. The latter figures in the accompanying schedule include realized profits or losses on assets sold during the period, as well as the book change in valuations.

It will be observed that despite these increases in investment income and asset valuations, insurance stock prices have continued to behave poorly. This is because the market for them usually follows underwriting results. After all, the underwriting portion of the business is the insurance company's primary function; and then, too, bear markets in securities have a way of erasing increases in asset valuations.

	Increases In Net Investment Income (First Half of 1956 vs. Same Period in 1955)		Portfolio Valuation
American Insurance	$198,000	(9.0%)	$2,331,000
Bankers & Shippers	24,000	(9.5)	343,000
Continental Insurance	1,193,000	(26.7)	21,966,000
Fidelity & Deposit	89,000	(11.2)	1,270,000
Fidelity Phenix	1,183,000	(33.2)	23,202,000
Insur. Co. North America	1,338,000	(16.5)	22,510,000
National Union	96,000	(12.2)	502,000
New Amsterdam	105,000	(10.9)	992,000
Pacific Fire	31,000	(9.4)	472,000
St. Paul F. & M.	125,000	(5.2)	4,101,000
Seaboard Surety	61,000	(24.0)	356,000
U. S. Fidelity & Guaranty	406,000	(9.6)	3,049,000
Maryland Casualty	165,000	(7.5)	1,208,000
Standard Accident	97,000	(10.0)	719,000
Continental Casualty	446,000	(15.4)	12,657,000
Agricultural Insurance	43,000	(9.7)	282,000
Federal Insurance	182,000	(11.3)	3,370,000
Fire Association	99,000	(7.1)	a
Fireman's Fund	167,000	(6.1)	489,000
Glens Falls	133,000	(9.3)	1,970,000
Northern Insurance	99,000	(16.0)	1,539,000
Aetna Insurance	178,000	(6.5)	1,873,000

a Distorted because of merger.

It may be recalled by some that fire insurance stocks (very few casualty stocks had at that time acquired a good standing with investors) topped out in 1927 and never did go on to participate in the last stage of the bull market of the 1920's; and this in face of the sharply increasing portfolio valuations and sizeable gains in income from investments. May we add parenthetically that no attempt is made here to make the two periods analogous. But back in 1927 underwriting results had become unfavorable and so did insurance stock prices.

A number of the 1956 first half portfolio gains were of important size. Naturally, those companies whose investment philosophy commits them mainly to equities, showed the best gains in this department; viz., the two America Fore companies and Insurance Company of North America. But even so, St. Paul Fire & Marine did very well in the light of their heavy holdings of state, county and municipal bonds, the markets for which have not been at all favorable. Indeed, the wonder is that a company with such a preponderance of high grades was able to show over $4,000,000 in portfolio appreciation. Continental Casualty, also a holder of, proportionately, very large commitments in high grades (as is something of a requisite for a unit whose principal lines are what Continental's are) turned in a good showing.

But as has already been pointed out, a general bear market would quickly cause much or all of this portfolio improvement to evaporate; hence, the informed investor is justified in considering it somewhat transitory and not sufficient on which to base market price. Statutory underwriting results, on the other hand, are, plus or minus, the main dependence of the company for its plow-back over the years; rarely does it leave t e business as a dividend, except when capitalized to disburse a stock dividend.

It is improbable that increases in dividends will be of importance in spite of the numerous sizeable improvements in investment income. Volume of business continues to be somewhat better for perhaps a majority of companies that have reported, and the better income from investments will be utilized to finance the increases in volume.

San Francisco Bond Club to Hear

SAN FRANCISCO, Calif.—Max Weston Thornburg, Foreign Industrial Consultant, will be the speaker at the initial fall meeting of the San Francisco Bond Club, Sept. 17, in the Colonial Room of the Hotel St. Francis.

Wendell W. Witter

Mr. Thornburg, whose home port is Umm A'Saabaan Island, Bahrain, Persian Gulf, will speek on the Middle-East as a policy problem area, a subject he is well qualified to discuss, according to Bond Club President Wendell Witter, Dean Witter & Co.

Mr. Thornburg is a trustee of the University of Baghdad, Iraq., Chairman of the Foreign Petroleum Policy Committee, former Vice-President of Brahrain Petroleum Co. and California Texas Oil Co. He is the Research Director of the Twentieth Century Fund Economic Survey of Turkey and a Regents' Professor of the University of California, in addition to being a "Dollar a year" advisor to the Turkish Government. He is a member of the Royal Asiatic Society, East India Association, American Academy of Political Science and the American Geological Society.

He is the author of "Design of a Petroleum Law" and "Turkey, An Economic Appraisal," and is an industrial economics writer of note.

The club's newly-elected officials who assume office with this meeting are Wendell W. Witter, Dean Witter & Co., President; Vernon E. Kimball, J. Barth & Co., Vice-President; Arthur W. Schiefer, Bank of California, Secretary-Treasurer; John F. Connolly, Francis I. du Pont & Co., Historian; and Mrs. Beverly Kihneman, Assistant Secretary.

Serving on the board of directors for the 1956-57 club year will be Alan K. Browne, Bank of America; Harvey Franklin, Merrill Lynch, Pierce, Fenner & Beane; Vernon E. Kimball, J. Barth & Co.; Jesse M. Levy, Jr., Lawson, Levy & Williams; Collins L. Macrae, Wulff, Hansen & Co.; Arthur W. Schiefer, Bank of California; Ivan W. Wing, Weeden & Co.; and Wendell W. Witter, Dean Witter & Co.

Hardy & Co. Offers Investment Course

Hardy and Co., members of the New York Stock Exchange, announced they are offering a fall investment course specially geared to the needs of conservative investors. The course will consist of nine sessions, to be held at 8 p.m. Tuesday evenings in the Hotel Vanderbilt, beginning on Sept. 25.

Samuel C. Greenfield, investment advisor, will conduct the course, which will include such topics as security analysis, investment media, mutual funds, how to read the financial pages of a newspaper, and how to interpret the tax laws as they affect his income and estate situation.

More than 250 adults enrolled in a similar course in the spring of this year, the investment firm said.

Joins B. C. Morton

(Special to THE FINANCIAL CHRONICLE)

BOSTON, Mass.—John M. Sullivan has become connected with B. C. Morton & Co., 131 State St.

The American People's Capitalism Seen Answering Totalitarianism

Dr. Nadler describes America's growing "people's capitalism," and phenomena of less pronounced business cycles, and claims this American system surpasses by far the wildest promises made by totalitarian leaders.

America's steadily-rising standard of living will suffer no serious setback in the future, Dr. Marcus Nadler, consulting economist to The Hanover Bank, predicts.

Marcus Nadler

In a 32-page, illustrated study on "People's Capitalism," published and distributed by The Hanover, Dr. Nadler says coming periods of readjustment, while natural in a free economy, will grow "less and less pronounced" as business, government and labor work hand-in-hand to smooth out the peaks and valleys that have marked the economic roads of the past.

As a result, the system of competitive enterprise in the United States—known as people's capitalism—will continue to hold the upper hand in the Cold War against international Communism, Dr. Nadler asserts.

The achievements of the American system in creating this high standard of living, without making inroads on the rights of man, surpass by far "even the wildest promises of the totalitarian leaders," Dr. Nadler declares. And, he says, this great economic and social progress will go on because people's capitalism places wealth and the ownership of the means of production in the hands of the people.

"More and more, as the people reap the fruits of the economic gains made by their own system of capitalism," Dr. Nadler asserts, "they will plough back into that system an ever-increasing part of these fruits in the form of investments."

In a major chapter of his study, Dr. Nadler analyzes the changing ownership of the means of production, predicting:

"The consequences of widespread ownership of the means of production, primarily in manufacturing industries, will be considerable. More and more corporate dividends will accrue to the people at large either directly—as stockholders — or indirectly as beneficiary owners of corporate equities through annuities, life insurance policies, pension and profit-sharing funds and mutual institutions."

Dr. Nadler notes that the farmer also will continue to prosper, and that while farm income may be down from its all-time peaks, the standard of farm living is high.

"Tomorrow's farm — a highly mechanized, skilled operation—will assume even more than today the character of factory production, with farm life becoming more pleasant and even more comfortable than can now be envisaged," Dr. Nadler states.

And under people's capitalism labor also is winning a better place in the economy, he concludes, adding that "the growing ranks of responsible labor leaders . . . are working to correct whatever evils may exist."

Form Continental Inv.

DENVER, Colo. — Continental Investments, Inc. has been formed with offices in the C. A. Johnson Building to engage in a securities business. Officers are Robert Leopold, President and Treasurer, and Gertrude Leopold, Vice-President and Secretary. Mr. Leopold was formerly with Greenberg, Strong & Co.

Continued from first page

Foreign Policy at the Crossroads: Palyi

in the same "package," another modern miracle man: the propagandist. Whether from the West or from the East, he sells the natives the identical bill of ideological goods: that they are eititled to a high and rising living standard as well as to national independence (which they understand to include the right to rob the foreigner). They are being promised it all if they only join the proper side of the Iron Curtain, or even without joining any side.

Unfortunately, their productivity does not rise in proportion, or not at all. To raise outputs takes savings, entrepreneurs, technicians, and educators. None are available, kept out by lawlessness, prejudice, corruption, indolence, and inflation. On top of all that, the underdeveloped economies are the mono-culture type, more or less, helplessly exposed to the vagaries of widely fluctuating commodity prices.

Courting the Underdeveloped

This is, in a nutshell, the so-called underdeveloped world (with exceptions here and there). This is the world we are trying to redeem. One of the basic axioms of our foreign policy is to win this world to our side — for co-operation in the cold war. In the process, we apply several strategems, to wit:

Displaying our wealth and power —that makes enemies by generating fear and envy;
Pretending to be guided by pure humanitarianism with no ulterior motives, as attitude that irritates everybody;
Preaching human rights, equality, and anti-communism, which mean to the utterly poor and ignorant natives little more than nothing;
Offering dollars—trying to bribe them—and by an aid that could not amount to more than the proverbial drop in the bucket even if it were not largely wasted or used for armaments (against each other, if not against the West), in addition to arousing suspicions about "strings attached";
Encouraging a nationalism that is directed primarily against the west.

The last point has the most nefarious consequences. Our anti-colonial propaganda is rooted partly in the American tradition; for another part, in the naively literal interpretation of the spiritual heritage of Rousseau and the Jacobins—just as Bolsnevism is. But the philosophical aspects of the principle may be left aside. By preaching equality we strengthen the Russian position since that is exactly their doctrine. And they go one better on it: their thesis includes the confiscation of foreign properties, a most popular pastime among the underdeveloped. They prefer the Bolshevists who have no investments to lose.

American anti-colonialism is a prime source of European anti-Americanism. To Europe, open or concealed control over certain tropical areas is not a matter of sheer imperialism, whatever that means. ("Imperialism" was a good word in the Victorian days; it is a fighting word today.) Some of the colonies—or controlled areas —mean formidable financial and commercial stakes to Europe. Not without reason, the ultimate responsibility for the revolt of Asia and North Africa is laid by Europe on our doorstep. But the ex-colonies give us no credit whatsoever. On the one side, we have succeeded in weakening our Allies and arousing their resentment; on the other, in creating in the Middle and Far East expectations which must be disappointed —the Nile dam is a case in point —causing violent hatred. Among the Arabs, the anti-Western trend is fused with anti-Zionism. This sentiment extends now to all white settlers, from the French in the Maghreb to the Israelis in Palestine.

The Arab Problem

Courting the former colonies boomerangs virtually everywhere. That South Korea and Taiwan are perpetual wards of the U. S., should be obvious. The same holds for Vietnam and Cambodia, even Thailand. But take the case of a country like Iraq, safely in the folds of the Bagdad Pact, or so it seems. In reality, that pact amounts to nothing more — and this is now fully recognized by competent British observers—than a channel through which to draw subsidies from Washington, to lesser extent also from London. Yet, public opinion in Iraq is vehemently in favor of Nasser, also ready to join the rest of the Arabs in a drive on Israel. The Nuri dictatorship, entirely in the West's pocketbook, had to take a very equivocal stand on the Suez question, notwithstanding its jealousy of Egypt's ambitions. The Pan-Arab movement, sponsored originally by Britain (against Turkey in World War I) has reached into such depth of Moslem mass psychology that even the Christians and other pro-Westerners in the Arab World have to go along.

American propaganda and intrigue were instrumental in fomenting colonial revolutions all the way from China and Indonesia to Egypt and Morocco; American pressure on the colonial powers—their moral and financial stamina undermined by the War and by Welfarism—is pushing them into bottomless appeasements. The consequences show up to our greatest detriment.

Tunisia has just received her sovereignty; before the treaty is even formalized, she is demanding the withdrawal of French troops in order to support the Algerian rebels. The ultra-nationalist Istaqual of Morocco is driving in the same anti-French direction. What is brewing in this whole area between the Atlantic and the Indian Ocean has been succinctly summed up by a keen Swiss observer:

The evacuation of the Suez Canal Zone by the British has had the effect of a break in the dam—

less the evacuation as such, perhaps, than the circumstances under which the British withdrawal was arrived at. The fact that the once powerful British nation was forced by an Arab state to withdraw from its strongest position has made a profound impression. The further fact that the two principal Wesern powers did not, in this conflict, work together, but partly against each other—this, at least, was the interpretation given the American mediation which, on the whole, favored Egypt—also has opened new horizons to Arab policy. In the meantime the British troops have been withdrawn from Iraq after the conclusion of the Bagdad Pact. The British positions in Jordan, Aden, on the Persion Gulf and in Cyprus are assaulted by local nationalists, encouraged and supported from Cairo. In 1968, at the latest, the Suez Canal concession is to revert to Egypt. Observing the development on the spot one can have no doubt that the ultimate aim of the Arab nationalists is to drive the Western powers out of the Middle East. The very tangible prize will be the oil wealth of the area.

The agitation against Israel, and the most recent protest and boycott measures against France on account of Algeria serve as a most effective means of fanning the emotions of the Arabs and mobilizing them against everything non-Arab. In the turbulent zone of anti-Western and anti-Zionist excitement the great undertaking of re-establishing Arab unity, as attempted in the 19th century by Mohammed Ali and Ibrahim Pasha at the expense of the Ottoman Sultan, is to be realized.

There is only one method by which to restore a modicum of common sense in the Middle East: by calling a halt to the Dulles-Eden policy of perverted appeasements, laying down the law, and enforcing it.

That is the policy which Britain and France are determined to follow in Algiers as well as in Egypt. That it is the only sensible policy in the short run, can be taken for granted. But how does it fit into the picture of the Cold War and of the peaceful co-existence with the Soviets? In other words, assuming that the Allies accomplish their immediate objectives—and will not be "stabbed in the back" by the appeasers in Washington—what will be the outcome in terms of the East-West struggle? The answer is that short of open Russian intervention—which is being ruled out at this time— a justified use of force will restore the prestige of the West. No Moslem sheik or king, nor any Buddhist President, will throw himself into the Soviet's arms, scream as they may.

Harriman Ripley Group Underwrites United Aircraft Offering

United Aircraft Corp. is offering to its common stockholders of record on Sept. 17, 1956 the right to subscribe for 318,098 shares of preference Stock, 4% series of 1956 ($100 par value) in the ratio of one preference share for each 16 shares of common stock held. The subscription price is $100 a share. The offer will expire at 3:30 p.m. (EDT) on Oct. 2, 1956. The offering is being underwritten by a group headed by Harriman Ripley & Co., Inc.

The preference stock is convertible prior to Nov. 1, 1966, unless previously redeemed, into common stock at the conversion rate of 1.25 shares of common stock for each share of preference stock.

Net proceeds from the sale of the preference shares will be added to general funds of the corporation and used in part for the repayment of short-term bank borrowings of $27,200,000 which were incurred to finance increased inventories and other working capital requirements. It is expected that the balance, together with other funds of the corporation, will be required for additional working capital and for the acquisition or construction of additional research, development and production facilities, including machine tools. The corporation may require funds, in addition to the proceeds of the sale of the preference shares currently being offered, for working capital or other purposes, in which event it may effect additional financing.

The corporation is required to retire 3% of the 1956 preference shares outstanding on Nov. 1, 1966 annually in each year thereafter.

Unfilled orders and Government letters of intent amounted to $2,100,000,000 on June 30, 1956.

Sales during the year 1955 totaled $697,922,000 and net income amounted to $31,065,000, equal after preference dividends to $6.14 a share on the common shares outstanding at the year-end. For the six months ended June 30, 1956 sales aggregated $458,471,000 and net income was $20,556,000, the latter equal after preference dividends to $4.06 a share on the common stock. For the first half of 1955 sales were $359,110,000 and net income was $15,303,000 or $3.02 per common share.

United Aircraft is one of the largest manufacturers in the United States of aircraft engines, propellers, and helicopters. It also manufactures a wide range of aircraft equipment, including air-conditioning systems, refrigeration units, jet-engine starters, electronic and hydro-mechanical fuel controls, hydraulic pumps, and pneumatic valves.

Drexel & Co. to Admit New Partners

PHILADELPHIA, Pa. — Drexel & Co., 1500 Walnut Street, members of the New York Stock Exchange, on Oct. 1 will admit James G. Couffer, George de B. Bell, R. Schuyler Lippincott, Paul F. Miller, Jr. and John H. Remer to partnership. Mr. Couffer will make his headquarters in the firm's New York office, 30 Wall Street.

Chemical Defense Laboratories Urged for Entire Country

Col. Stewart asks analytical chemists to help create laboratories throughout the country, prepared to act immediately in the event of enemy attack.

To provide an integrated defense against possible chemical warfare attack on the United States, the nation's analytical chemists were asked at the American Chemical Society's 130th national meeting Sept. 15, at Atlantic City, to establish and staff a network of cooperating laboratories.

Colonel Francis B. Stewart of Battle Creek, Mich., consultant in chemical and biological warfare defense for the Federal Civil Defense Administration, made this request at a symposium on air pollution, sponsored jointly by units of the Society and the U. S. Army Chemical Corps.

Create Laboratories Now

"Laboratories having the necessary capabilities to go into immediate action in the event of enemy attack are essential," Colonel Stewart emphasized. He said these laboratories "must be in a position to give to the appropriate authorities, both at state and local levels, information on the nature of the (chemical) agent used and make recommendations on decontamination and other protective measures." He added that the Army has such laboratories "which can be assigned to any theater of operations."

The Federal Civil Defense Administration has similar laboratory capabilities in the field of biological warfare through delegations to the Department of Health, Education and Welfare, the speaker said, noting that "the U. S. Public Health Service of that department has expanded its Sectional Research Program to include biological warfare defense." He added that there are about 50 laboratories scattered in 40 states, Hawaii and Alaska.

Praising some 150 analytical chemists for their "important contributions" to the work of the National Defense Research Committee in the years from 1940 to 1946, Colonel Stewart said their work of detection, identification and analysis of chemical warfare agents and related subjects was carried out at widely scattered laboratories across the nation.

Chemists Are Well Dispersed

"These chemists have since scattered to many universities and industrial concerns," he pointed out. "This means that the potential for developing a capability in the handling of chemical warfare agents is probably more dispersed throughout the United States than that of the Public Health Service's Sectional Research Program for handling biological warfare agents.

"If only a small fraction of these 150 analytical chemists would participate in the civil defense program and organize chemical defense groups, we would have a vast network for the dissemination of technical information on chemical warfare in peacetime and vital assistance in a national emergency."

Such groups or laboratories should consist of chemists and chemical engineers with a wide variety of backgrounds, since the problem of chemical warfare defense may prove complex, Colonel Stewart said. He suggested that the initiative in establishing such a program at the local level might well be the responsibility of the analytical chemist.

Steps Are to Be Taken

He urged chemists to take these steps:

(1) Contact their local or state civil defense directors, offer their services and study the table of organization to see how they might best fit into it.

(2) Assist with the test operations of the chemical agent detector kit, instructing unskilled volunteers in using the kits.

(3) Be available to answer the layman's questions related to chemical warfare.

Colonel Stewart cited the threat of chemical warfare to the nation. He said a special kit had been developed to detect three types of war gases—nerve, blister gases such as mustard, and nitrogen mustard.

"There is no doubt that there is great apathy among the general public as to the threat of enemy attack and civil defense measures to be taken," he continued. "Such interest as exists centers around thermonuclear weapons and fallout. The threat from chemical attack has largely been ignored. This is unfortunately true even among our chemists and other scientists."

Chemical and Biological Weapons

He pointed out that the planning assumptions of the Federal Civil Defense Administration state: "Although nuclear weapons will be relied upon as the means of gaining the military decision, chemical and biological agents will be used against humans."

These latter weapons would be used to increase confusion and impede defensive measures, he said.

Colonel Stewart offered the Society the full resources of FCDA—in equipment and technical information—to achieve an adequate defense against chemical warfare in the event of enemy attack.

Johnson, Lane, Space Sell Scripto Stock

Offering of 360,000 shares of Scripto, Inc. class A common stock was made on Sept. 18 by an underwriting group headed by Johnson, Lane, Space & Co., Inc. Of the total issue, 40,000 shares were offered at $6.67½ a share to certain officers and employees of the company, and the remaining 320,000 shares together with such number of the 40,000 as are not bought by the officers and employees of the company, were offered to the public at a price of $7 a share. The offering was quickly oversubscribed.

Net proceeds from the sale of the common shares will be used by the company to finance plant additions currently under construction, for new machinery and equipment and for additional working capital through reduction of current bank loans.

Scripto, Inc., with its principal place of business in Atlanta, Ga. is engaged in the manufacture and sale of mechanical pencils, fountain and ball point pens, "liquid lead" pencils, and, through a subsidiary, cigarette lighters. The company also sells pencil leads and erasers. The company's products are distributed throughout the states and territories of the United States.

For the year 1955, the company and its subsidiaries had total net sales of $15,167,452 and net income of $1,293,026. In an unaudited statement for the Jan. 1, 1956 to June 16, 1956 period, total net sales were shown at $8,143,358 and net income at $790,763.

Midwest Exch. Member

SAN FRANCISCO, Cal. — Walston & Co., Inc., 265 Montgomery Street, announced that Daniel J. Cullen, Executive Vice-President, San Francisco, has been admitted to membership on the Midwest Stock Exchange, Chicago.

Slayton Co. Adds

(Special to The Financial Chronicle)

ATHENS, Ga.—Lewis L. Scruggs has joined the staff of Slayton & Company, Inc., 1708 South Lumpkin Street.

With Hamilton Managem't

(Special to The Financial Chronicle)

BOSTON, Mass. — Donald J. Decker has become affiliated with Hamilton Management Corporation, 127 Tremont Street.

Chas. Saltzman Joins Goldman, Sachs & Co.

Goldman, Sachs & Co., 30 Pine Street, New York City, members of the New York Stock Exchange, have announced that Charles E. Saltzman will become associated with the firm on Sept. 17, 1956 and is to become a general partner on Jan. 1, 1957.

Charles E. Saltzman

A graduate of West Point and a former Rhodes Scholar, Mr. Saltzman has been a partner for the past seven years in the private investment firm of Henry Sears & Co. From 1935 to 1949 he was on the staff of the New York Stock Exchange, having been appointed Secretary of the Exchange in 1938 and a Vice-President in 1939. During World War II he was on active duty in the Army, serving overseas for nearly four years and being appointed a brigadier general in January, 1945. He is now a major general in the active Army Reserve.

Twice since World War II he has served in the government in Washington while on leave from his business, once as Assistant Secretary of State and once as Under Secretary of State for Administration. He is a director of the Milbank Memorial Fund, the Seamen's Church Institute of New York and the Foreign Policy Association and a trustee of Barnard College.

Southern Nevada Power 5½% Bonds Offered

Halsey, Stuart & Co., Inc., Hornblower & Weeks and William R. Staats & Co., as joint managers of an underwriting group, yesterday (Sept. 19) offered $4,000,000 of Southern Nevada Power Co. first mortgage bonds, 5½% series C due Sept. 1, 1986, at 101% and accrued interest, to yield approximately 5.43%. Award of the bonds was won by the underwriters at competitive sale on Sept. 18 on a bid of 98.26%.

Net proceeds from the financing will be used by the company to retire present bank loans, and the balance will be applied toward the cost of the 1956 construction program. The company estimates that gross additions to its utility plant during 1956 will approximate $9,502,000.

The new bonds will be redeemable at regular redemption prices ranging from 106.50% to par, and at special redemption prices receding from 101% to par, plus accrued interest in each case.

Southern Nevada Power Co., with its principal executive office in Las Vegas, Nevada, furnishes electric power in Las Vegas and North Las Vegas, Nellis Air Force Base, a part of the City of Henderson, and certain unincorporated residential areas in the Las Vegas vicinity. The company obtains its electric energy supply in part by generating power at its Clark Station steam electric generating plant, and in part by purchasing power generated at the Hoover Dam Power Plant, or elsewhere.

For the 12 months ended June 30, 1956, the company had operating revenues of $5,717,299 and net income of $712,005.

With Federated Plans

(Special to The Financial Chronicle)

TAMPA, Fla. — John E. Dunwoody and Richard L. Stouffer are now with Federated Plans Inc.

Our Reporter on Governments

By JOHN T. CHIPPENDALE, JR.

The Government market is still under pressure, because the very weak rallies which have taken place are being followed by sinking spells which carry quotations down to either the old lows or new ones. The interest in these securities is still at a low ebb, due to the more favorable yields that are available in non-Treasury obligations. Short-term funds are still finding an outlet in Government securities but, here again, the attractiveness of long-term corporate and tax sheltered obligations is resulting in some of this money being put to work in non-Governments. Savings banks continue to be sellers of Treasury issues as are the deposit institutions.

Public funds as well as Treasury investment accounts, according to advices, are the main buyers of the longest Government issues, albeit in not too large amounts. Tax switching seems to be a bit of more vigorous and some money is being taken out of the equity market and is being reinvested in short and middle maturities of Governments.

High Yields on Non-Governments Attract Buyers

Even though the money market is as tight as ever, the higher cost of borrowing is bringing investment money into the picture, especially as far as the more distant maturities of non-Treasuries are concerned. The reception which has been given to new offerings of corporate and municipal bonds has been encouraging, although it is still somewhat early to make predictions that a bottom has been made as far as yields of these securities are concerned. It is evident that money which would be going into the stock market is now being put to work, in some measure, in interest bearing obligations because of the attractive income which is available in new offerings of non-Government issues.

Also, it is reported that a fair amount of money is being taken out of equities and these funds are being reinvested in bonds, particularly those in the tax exempt classification. According to advices, individuals and those institutions that can use the tax sheltered issues, have been the principal buyers of these securities.

Savings Banks Turn to Corporates

Savings banks, according to reports, continue to be sellers of Government obligations in not too large amounts. Some of this liquidation is now being done in the more distant maturities and it is indicated that this will be the case for some time to come because the money can be used more profitably in situations other than Government securities. A part of the funds which is being released through the sale of Treasury issues is being put to work by the savings banks in the new offerings of corporate bonds. This is not exactly a new development because, with the advent of higher interest rates, the savings banks were buyers of corporate bonds. However, the size of the commitments which have been made recently by these institutions in new offerings have been larger than was the case not too long ago.

Demand for Money Not Slowing Up

The demand for funds from business and construction continues to be as large as ever and there are no indications yet of any let up in these needs, which means that the pressure on the money market is not going to be tempered. This robust demand from business and consumers is resulting in the economy operating at capacity in spite of very tight money. The boom conditions continue to rule the roost and with this comes the inflationary price-wage spiral, which is not favorable as far as economic conditions are concerned.

Accordingly, as long as a strong upward pressure is being exerted on the business pattern, there is not going to be any change in the money markets in order to make credit easier to obtain. On the other hand, it is evident that there are some soft spots developing in the economic system and these forces are not the kind that are rectified by higher interest rates and credit limiting policies.

Public Pension Funds Favor 3s of 1995

It is reported that tax swops have increased somewhat of late in the Government market, with the longer maturities now being switched because most of the middle-term obligations have already been eliminated as far as this kind of operation is concerned.

The public pension funds have, in some instances, been making commitments in the 2½% bonds, but indications are that the 3s of 1995 continue to be the favorite obligation as far as they are concerned. Reportedly, they are the principal buyers of the longer Government obligations along with Treasury investment accounts.

It is reported that a fair amount of money is being transferred from common stocks by individuals into the 2⅝s and 2⅞s of 6/15/58, and the 2½s of 11/15/61. There are indications that these purchases of Treasuries are being made largely for foreign accounts.

Continued from page 15

The Urgent Role of Chemists In Developing Atomic Energy

critical problems of atomic power. Many people have said and many people understand that atomic power will never be at its cheapest until the best chemical processing is incorporated and utilized to the fullest extent. Homogeneous or fluidized reactors of various sorts have been proposed for the very reason that they bring chemical techniques to the fore.

Research programs of this sort are relatively inexpensive in terms of the monies appropriated for the various reactor projects. The entire program for the support of fundamental physical research, both chemistry and physics, of the Atomic Energy Commission is less than $50 million per year. This, as you know, is not a large amount of money in terms of the amount spent on power reactors and the development of atomic power of every kind. We can anticipate, therefore, finding such a program economical and worth while.

Homogeneous Reactor Required

Another problem in Atomic Power is the question of corrosion in the various atomic power reactors being designed, built and considered. It is an interesting game that is being played. On the one hand a group of metallurgists who of course are very akin to chemists in training and thought and conditioning, are asked to make a completely non-corrodible fuel element; and on the other hand a group of process chemists are asked to dissolve this non-corrodible fuel element and process it for a minimum cost. This conflict seems to force the use of new degrees of freedom such as are involved in high temperature processing, special dissolution methods, and the use of alloys with specific coolants which are inert to the dissolving reagent. It really puts the chemist to test and it is to his credit that he has made the progress that has been made to date. Nevertheless, it is obvious that this kind of conflict is somewhat unnatural and to be avoided if possible. There is one way to avoid it that is obvious, and that is to use the homogeneous reactor principle. Avoid heterogeneous fuel elements and the problem of their manufacture and dissolution and in this way one avoids the wasteful conflict considered above.

The homogeneous reactor is, of course, a family of reactors and may include anything in the way of fluidized or dissolved liquid fuels with fixed or moving moderators and with or without continuous processing of the fluid fuel as it circulates through the reactor. There are many possible variations of the homogeneous reactor, and the Commission is investigating the more promising of these. But, speaking broadly, the homogeneous reactor is the chemist's reactor, and it will be the chemist who makes it work. It is my opinion that a type of homogeneous reactor will give the cheapest atomic power in the end. We are at the point now where most of the reactors being built in Britain, Russia and the United States are heterogeneous. There seems to be a natural development in this direction, and even though the homogeneous appears to have the best chance, the fact remains that it is difficult to proceed with it until some of the chemical problems involved in specific designs have been solved.

Cheap Processing of Irradiated Fuel

Finally, of all the chemical problems associated with Atomic Power perhaps the most immediate and pressing is the cheap processing of irridiated fuel elements from the many types of heterogeneous reactors now under construction. For immediacy and quick bearing on the cost of Atomic Power it outranks the other atomic power jobs the chemist has to do. We have in a certain definite sense committed ourselves to a program which assumes that this job will be well done. I am certain that this will prove to have been sound planning, but there nevertheless is a very real need to interest the chemical fraternity in this task in order that it will be done.

Although the solution of these difficult problems is only a matter of time, the method of solving them quickly is to encourage good men to work at them, and now the principal difficulty appears. There is such a shortage, relatively speaking, of the highly skilled and gifted chemists and engineers who are needed to solve such problems as the corrosion of particular types of homogeneous reactors that the solution of these problems is being seriously delayed because not enough gifted people are available to work on them. The Atomic Energy Commission hopes that the Atomic Power Program can move forward with all possible speed short of interfering with the armament of our country. It is our wish, therefore, that the chemical industry interest itself in the problems of Atomic Power, for most of the chemists not now working on atomic energy are in the employ of industry. Of course, a great deal can be done by closer liaison with the universities surrounding the various reactor development laboratories such as the Argonne National Laboratory. The chemists teaching and doing research at these universities can undoubtedly contribute in the solution to the reactor development problems if the problems can be explained to them and their interest excited.

Tapping the Chemical Industry And Universities

These are the two sources of chemical manpower that have not yet been tapped for atomic power —the chemical industry and the university faculties. We want both. . . . We understand well the reasons why it has not happened in the past, but the understanding does not lead to a feeling of happiness that it has occurred. Considering the shortage of highly skilled technical manpower, it might even be considered a mistake to divert chemists to any great degree from the important work they do in the chemical industry now. However, it seems clear to me that we should be able to have the new miracle drugs, the new synthetics, etc., and have atomic power also. Let us try to do this. Let us try and have everything. Let us try and lead the world in the development of the Peaceful Uses of the atom without hampering our other technological developments. Let us try this. It can be done if we all try.

The chemists have to learn about atomic energy in order to have this happen, and I am most happy to have the opportunity to speak to you this evening and contribute in some small way to the effort to interest the chemical fraternity in the problems of the development of atomic power. We need your interest greatly, because we need your skills and ability to solve the problems which have thwarted our chances in certain critical areas, particularly in homogeneous reactors and the utilization of the product plutonium.

III
Isotopes

We have a Peaceful Use already in being which next to the first of the Peaceful Uses, peace itself, is rewarding us bountifully for our investment and interest in atomic energy. This use is Isotopes. Isotopes is the utilization of radioactive elements to label compounds and materials so as to understand the mechanism of chemical reactions, the numbers of masses of materials, and for various analytical purposes by the dilution technique. Thousands of applications have now been made to research in the physical and biological sciences, but tonight I speak more particularly of the application to industrial processing. Dr. Donald E. Hull of the California Research Corporation was in many respects a pioneer in the application of isotopes to the testing of lubricants and fuels for the Standard Oil Company of California. He also developed the usefulness of radioactive tracers for plugs of liquid fuel pipelines so that their diversion at a particular valve point could be done more accurately at very considerable savings of valuable crude and other materials. In addition, a method of measuring the circulation rate for a fluidized catalyst bed was developed by him and his associates. There are several people like Dr. Hull in this country developing these uses and daily new ones appear.

Isotopes Save Money for Industry

We estimate that during the present year over 100 and possibly 200 million dollars were saved in industrial processing costs by the use of isotopes for control methods. It seems very likely that within five years this will exceed one billion dollars. There was an article the other day by M. E. Merchant (Nucleonics, Vol. 14, No. 5, May, 1956) in which it was claimed that the use of isotopes may well save 10% of the total machining costs in the United States. This exceeds one billion dollars per year in itself if it should prove to be true. We can see how the further development of the use of isotopes in industry will make these preliminary figures small.

It is nearly true that every material of nature, everything we know, everything with which we deal in everyday life, can be made radioactive in a safe but easily measurable manner. This is the concept of Everyday Use of Isotopes in "exempt quantities," useful but harmless amounts. Perhaps this in itself may prove to be just as important a Peaceful Use as Atomic Power. In any case case, there is no conflict between Isotopes and Atomic Power except possibly in the interests of the people developing it. However, they are so far different it seems not unlikely that the people interested in the development of Peaceful Uses for Isotopes may not be the ones who would otherwise develop Atomic Power—or it may be that the development of the Peaceful Uses of Isotopes may supplement and interest people in atomic energy in general and so

get them to look at Atomic Power. In any case, the conflict seems not to be very serious. But the Everyday Use of Isotopes in the control of industrial processes is a blessing to us and the world as a whole which the atom has brought and from which we will probably receive good dividends in our entire atomic investment in the Atomic Energy Commission program.

Agricultural and Scientific Uses

In addition, we have the benefits of the use of Isotopes in agriculture and in basic fundamental science and, as we all know, the discovery of the new laws of nature is one of the most lucrative and profitable occupations any man can undertake, provided he is patient and far sighted enough to await the natural developments of the new knowledge.

Our children and grandchildren shall without doubt praise us for the development of atomic energy for its Peaceful Uses. With no doubt there will be new uses made of which we have not dreamed, but among the important Peaceful Uses throughout all time will be Isotopes. The chemist remains the principal applier of Isotopes, the inventor of new uses, and the principal developer of ramifications as yet not named. We can imagine the chemists will continue to play this role, so once again I say, your role in atomic energy is of extreme importance. Please think when you do your everyday work how you could do it better with Isotopes. All the materials with which you work can be made radioactive.

It is possible to measure in a reliable, easy manner the total number of radioactive atoms in a given sample of matter. Thus reagents which have a given specific activity, say of radioactive chlorine, can be measured out by volume into a solution of unknown chloride content, silver nitrate added, and a precipitate produced and the absolute concentration of radiochlorine in the resultant precipitate determined. The dilution caused by the unknown amount of chloride gives an immediate analysis for chloride in the solution. True these measurements to date are only accurate to about 5%, but they are so fast and so simple that I think one can say that for the chemical isotopes; hydrogen, carbon, sulfur, phosphorus, chlorine, calcium, etc., we have a technique which may liberate us from many of the difficulties in the laboratory. We should by all means introduce these techniques into the present chemistry courses in the universities and high schools so the students will have this additional peephole to look into nature and see how she works. It is not that we want to teach radiochemistry particularly, but through use of these techniques the students will be taught ordinary chemistry better and will develop, I hope, an incidental interest in atomic energy and the Peaceful Uses of the atom.

Kenneth Baker Retires

DALLAS, Texas — After more than 40 years in the securities field in New York and Dallas, Kenneth Baker retired Sept. 1 to live in Long Beach, Calif., with his wife Irene, a native New Yorker. For the past 15 months he served as cashier for **Southwestern Securities Company of Dallas.**

Mr. Baker, a native of West Virginia, was active in Wall Street for 20 years and was a bank examiner for two years. He served with the Securities Exchange Commission for 19 years prior to joining Southwestern Securities Company in 1955.

"We will certainly miss Mr. Baker, as will his many friends among the securities dealers in the Southwest," Hugh Bradford, Senior Partner of Southwestern Securities said. "He takes with him the affection, esteem, and the good wishes of every employee in our firm."

Jones, Kreeger Branch

QUANTICO, Va. — Jones, Kreeger & Hewitt have opened a branch office in the Fick Building under the direction of Charles E. McCarren, Jr.

Now L. F. David Co.

ST. CLOUD, Minn. — The firm name of Atomic Funds Investors Service, 24 South Fifteenth Ave., has been changed to L. F. David Company.

Two With Whitehall

(Special to The Financial Chronicle)

MIAMI, Fla.—Charles L. Macurda and George G. Schorr are now connected with Whitehall Securities Corp.

Continued from first page

Petrochemicals Industry —Today and Tomorrow

value of petrochemicals was over 51% of the value of total chemicals. (Tables I and II)

The capital investment of the petrochemical industry in manufacturing facilities is presently about $4 billion and is $0.5 billion more than a year ago. It is believed to comprise 55-60% of the assets of the entire chemical industry. Since the petrochemical industry has been doubling every five years, it is expected that the capital investment in 1960 will be $8,000,000,000.

Petrochemicals may be divided broadly into three classes: aliphatics, aromatics and inorganics. In 1960, the estimated production of the different classes of compounds is listed below:

	Pounds Annually
Aliphatics	40 billion
Aromatics	5 billion
Inorganics	15 billion

About a year ago the average price/pound of the aliphatics was 15c, of aromatics 19c, and of inorganics 2.5c. In 1955 petrochemicals amounted to $3.7 billion and in 1956, they are estimated at $4.2 billion.

For each of the past five years, the capital expenditure in chemicals and allied products has exceeded $1 billion. Construction expenditures in 1956 are expected to be $1.4 billion. (Table III)

Diversity of Ownership

Petrochemicals are broadly defined as those chemicals derived from natural gas and petroleum sources.[1] For many years, both oil and chemical companies have participated in the exploitation of petrochemicals. In recent years, diverse companies including shipping, farm equipment, rubber manufacturing and gas pipeline firms have all entered the field.

Examination of some of the historical growth figures and profit margins, and the anticipated growth patterns makes it easy to understand the great and continuing activity in this field.

At this point I will present a few of the industry growth statistics. After that I will comment on a few companies and their successful diversification in the petrochemical field.

Since statistical information on the petrochemical industry — as distinguished from the chemical industry as a whole—is difficult to segregate, the following figures compare the entire chemical industry with the natural gas, petroleum, rubber, and all industry to present a picture of the size and scope of this growing field. Figure 1 shows the relative rate of growth of these industries. The chemical industry's growth of 10.8% per year surpasses that of the other major industries shown. By comparison, the annual growth rate from 1930 to 1955 was 7.8 for natural gas, 5.5 for rubber products, 4.5 for petroleum, and 4.5 for all industries. Growth is measured in this instance on a production basis.

Figure 2 shows the annual sales of the petrochemical, rubber, and petroleum industries. Last year petrochemical sales amounted to $3.7 billion, rubber (finished goods) $5.2 billion, and petroleum products $11.6 billion. The latter figure is based on wholesale prices before state and Federal taxes which are both substantial.

Figure 3 compares the net income per dollar of net worth for the chemical and allied products, petroleum, and all manufacturing operations. The figures represent an average for 1947 through 1951. The return for chemicals and allied products was highest at 17.5%. Petroleum refining was 16.2% and all manufacturing 14.7%.

Figure 4 shows the past, present, and future expected growth rate of the "petrochemical" portion of the chemical industry. The capital investment and production have increased better than fourfold from 1940 to 1950. From 1950 to 1955 the industry doubled. This rate of growth is expected to continue from 1955 to 1960. In other words the capital investment in 1960 may be $8 billion.

These charts show the chemical industry—particularly the petrochemical industry—to be both fast growing and profitable. It is characterized, however, by high investment per unit of production and rapid technological obsolescence.

Petroleum Companies in Petrochemicals

Here are a few interesting facts about successful petroleum company participation in the petrochemical field:

Shell Oil

In 1954 Shell Chemical Corporation celebrated its 25th anniversary. The 1955 chemical production of this wholly owned subsidiary of the Shell Oil Company was 1,886,000,000 lbs. with a sales value of $194,000,000. This represented 13.4% of Shell's gross income in 1955. From 1950 to 1955 the gross income from chemicals increased 2.75 times. The contribution of Shell Chemical's operations to Shell Oil's net income is not publicly available. However, Shell's outstanding record of net return to gross sales, total assets, plant investment or net worth—however, you want to evaluate its performance with other oil companies — indicates petrochemicals contribute a significant share towards Shell's earnings.

With the acquisition of the government - owned West Coast styrene, butadiene and GR-S plants last year, Shell added another $50,000,000 to its gross income if these plants operated at capacity.

Among the many organic chemicals derived from petroleum on which Shell has done outstanding work are isopropyl alcohol, synthetic glycerine, epoxy resins, butyl alcohol and methyl ethyl ketone.

It is believed significant that as far back as 1948, approximately half of the efforts of the Shell Development Company were directed to the petrochemical field.

Esso

Esso was an early entry in the petrochemical field. Many years ago, Esso manufactured synthetic ethyl alcohol from petroleum (ethylene). Later butyl alcohol

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1 "Petrochemicals can be defined as chemical compounds made with a petroleum hydrocarbon as one of their basic components. Actually the general understanding goes beyond this to include pure hydrocarbons and other materials derived wholly or in part from petroleum but not generally classed as chemicals. Examples are ammonia made from natural gas and synthetic rubber—a mixture of hydrocarbon polymers. Carbon black, essentially pure carbon, is included in this category.

"The majcr petrochemicals are ammonia, synthetic rubber, carbon black, ethylene, propylene, butylene, butadiene for rubber, acetylene, benzene, toluene, styrene, polyethylene, phenol, formaldehyde, acetaldehyde, alcohol, ethyl alcohol, isopropyl alcohol, butyl alcohols, ethylene oxide, ethylene glycol, acrylonitrile, acetic acid, acetic anhydride, and acetone. The minor products are numbered by the thousands."—Excerpt from "Petroleum and Natural Gas" Bulletin 556 Bureau of Mines. p. 8. A Chapter from Mineral Facts and Problems by R. A. Cattel and others.

TABLE I

Past and Future Petrochemical and Chemical Production

Year	Petrochemicals Output (Billion Pounds)	All Chemicals Output (Billion Pounds)	Petrochemicals % of Total
1953	25.3	114.3	22
1954	26.5	114.6	23
1955	32	134.8	24
1956 (est'd)	35	143	25
1960 (est'd)	60	178	33
1965 (est'd)	125	250	50

TABLE II

Dollar Value

1953	$3.2 billion	$6.1 billion	52.7
1954	3.2 "	6.0 "	52.5
1955 (est'd)	3.7 "	7.2 "	51.5
1956 (est'd)	4.2 "	7.8 "	54
1960 (est'd)	5.7 "	10.5 "	57
1965 (est'd)	9.0 "	16.7 "	60

TABLE III

Capital Expenditures

	Petrochemicals	Total Chemicals & Allied Products
1955	$0.5 billion	$1.1 billion
1956 (est'd)	0.7 "	1.4 "
1960 (est'd)	1.1 "	2.0 "
1965 (est'd)	2.2 "	3–3.5 "

FIGURE I

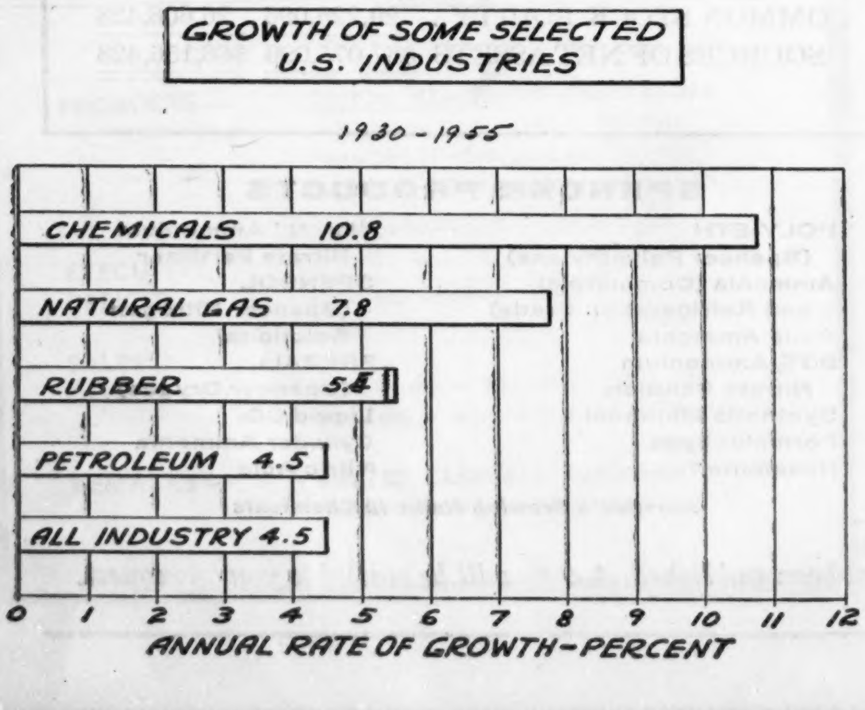


FIGURE II

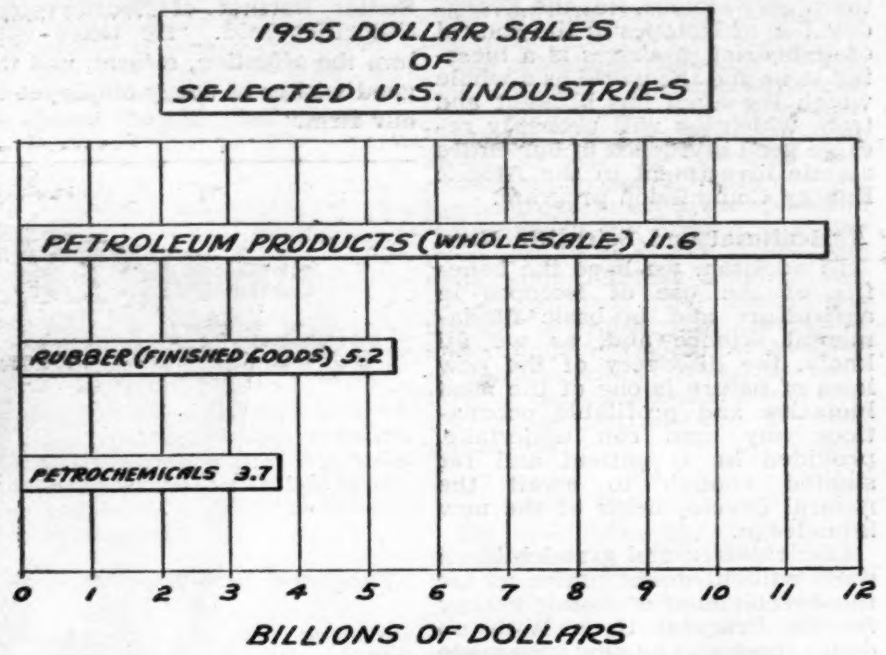


FIGURE III

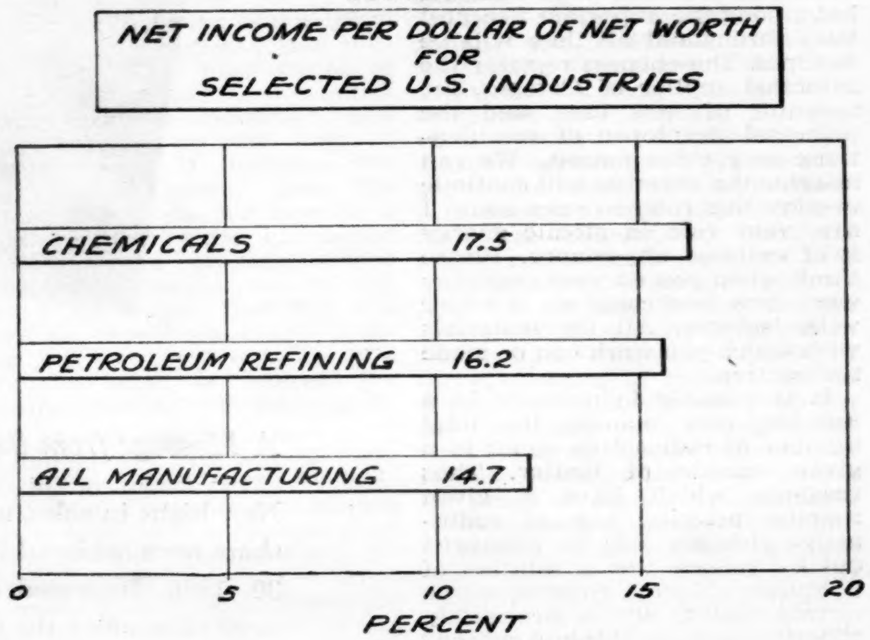


FIGURE IV

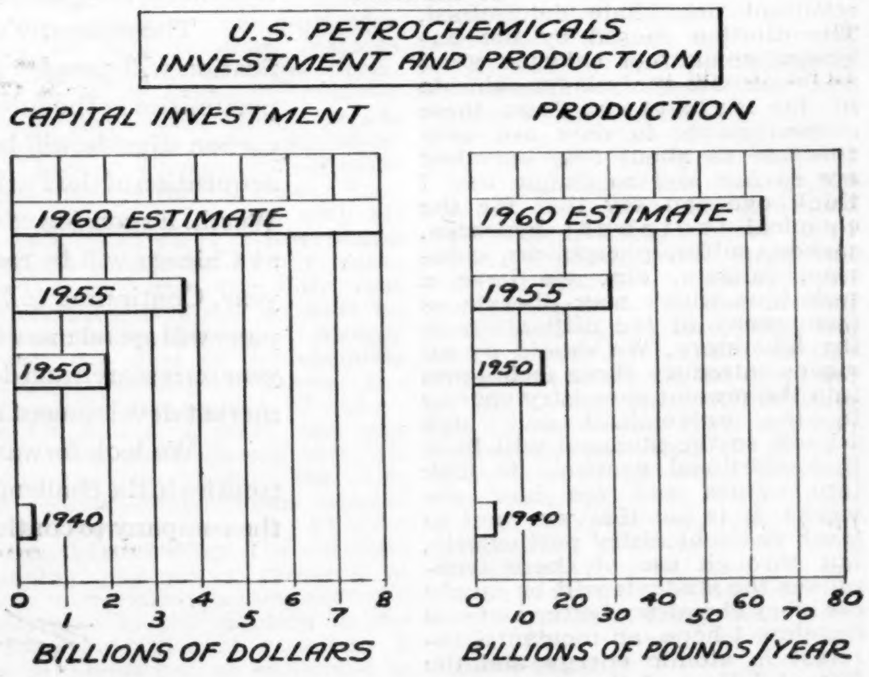
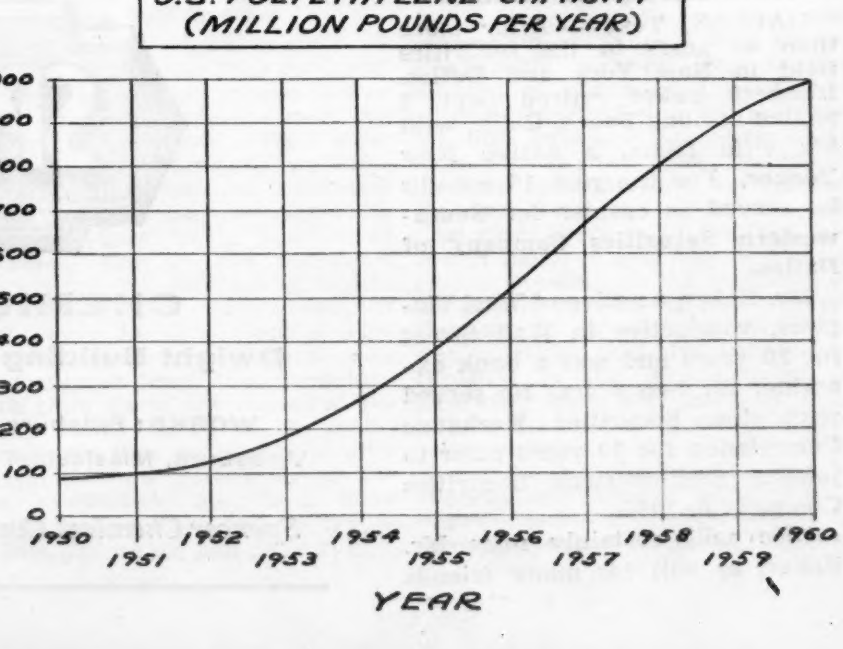


FIGURE V



and methyl ethyl ketone were added to their list.

For supplying the rubber we needed in World War II, several oil and rubber companies initiated programs which led to the development and commercial production of synthetic rubber. Butyl rubber, discovered by SONJ, is derived completely from isobutylene and isoprene. Esso Research and Engineering has just announced successful production of automobile tires from butyl rubber and that the butyl tires have several advantages over those in present use.

They have also developed processes for making butadiene from butylenes and extraction processes for butadiene and also isobutylene.

In the U. S. nearly three billion dollars worth of farm crops are destroyed each year by disease. Esso Research developed a fungicide which is having unusual success in combating crop disease.

In 1955, petrochemical sales were above any previous year and amounted to approximately 6% of total domestic sales. Although their petrochemical sales have not been published it is believed that they were in excess of $150,000,000 last year. In 1953 they were at least $100,000,000.

Phillips Petroleum

Phillips Petroleum is undoubtedly one of the most aggressive oil companies in the petrochemical business. Some years back, it set as a company objective, the upgrading of many of its petroleum and natural gas hydrocarbons to more valuable end products. In the past decade, it has become one of the largest producers of ammonia fertilizers ($60,000 tons in 1953), and carbon black (224,000 tons in 1953). In addition, it is producing paraxylene and methylvinylpyridine for synthetic fibers, and plans shortly to produce polyethylene by their new low-pressure process.

Phillips was the successful bidder for the Government-owned Borger, Texas, butadiene and GR-S plants and so will soon be an important factor in the butylene, butadiene, and GR-S rubber fields to add to its petrochemical activities.

The last 10 years has seen Phillips Petroleum grow to a $1,000,000,000 corporation. With one of the largest reserves of natural gas in the U. S. they have an excellent position in the petrochemical industry. The company's activities include fertilizer, synthetic rubber and plastics. Sales of petrochemicals are estimated at $130,000,000 for 1955. Construction of new plans in the near future are expected to double the 1955 sales in the next three years. It is conceivable that earnings from petrochemicals could easily expand to the point where they are at least as great as present profits from the oils and gas operations.

Gulf Oil

The petrochemical activities of the Gulf Oil Corporation have been primarily in the field of ethylene production and distribution and also in the manufacture of iso-octyl alcohol via the Oxo process. In the early 1950's Gulf entered the ethylene business by building a plant to manufacture 150,000,000 lbs. of ethylene/year. Last summer they completed a second unit to manufacture an additional 220,000,000 lbs./year. The journals have indicated that the company expects to reach a decision on a third unit of similar size to the second in the near future. It is understood that Gulf is currently manufacturing approximately 9,000,000 lbs. annually of high-grade iso-octyl alcohol. Other activities in the petrochemical field are now receiving attention and are expected to come to fruition in the near future.

Gulf's other interest in the petrochemical field is through Goodrich-Gulf Chemicals, Inc. They now have a substantial interest in the butadiene plant at Port Neches, Texas. The synthetic rubber plant at this location is owned exclusively by Goodrich-Gulf, Inc. The latter company has plans for production of latex, initially at a production of 1,000,000 lbs./month with plans to operate at three times this rate in the near future.

Standard Oil Company of Indiana

Standard Oil of Indiana's petrochemical business is only a small proportion of their total but is profitable and increasing. Dollar volume of sales by their chemical marketing subsidiaries, Indoil Chemical Company and Pan American Chemicals Corporation, in 1955 were about 50% over 1954. Among the petrochemicals they are producing commercially are dodecylbenzene, polybutene, and Oxo alcohols. At Texas City, American Oil has completed the first plant ever built for direct synthesis of methyl mercaptan for use in the manufacture of methionine, a new poultry feed supplement. They are large producers of additives to improve the quality of lubricating oils. They not only make the greater proportion of what they use, but supply large quantities to other manufacturers.

The new ammonia plant of Calumet Nitrogen Products Company is under construction. Calumet is owned jointly by Indiana and Sinclair Refining Company.

The Hidalgo Chemical Company, a wholly owned subsidiary, has undergone extensive rehabilitation and is now believed to be in operation. The plant was designed to produce gasoline and chemicals from natural gas via the Fisher-Tropsch process.

Standard of Indiana has announced plans to consolidate three of its wholly owned chemical subsidiaries (Indoil Chemical Company, Pan American Chemicals Corp. and Hidalgo Chemical Company) under the name of Amoco. The change will become effective at the end of this year.

Standard Oil Company of California

The Standard Oil Company of California has pioneered in the utilization of aromatics.

The Oronite Chemical Company (a wholly owned subsidiary) is believed to be the acknowledged leader in the manufacture of dodecylbenzene. This material is made by polymerizing propylene to the tetramer, which is subsequently alkylated with benzene to form dodecylbenzene. Dodecylbenzene is the precursor to one of the major detergents.

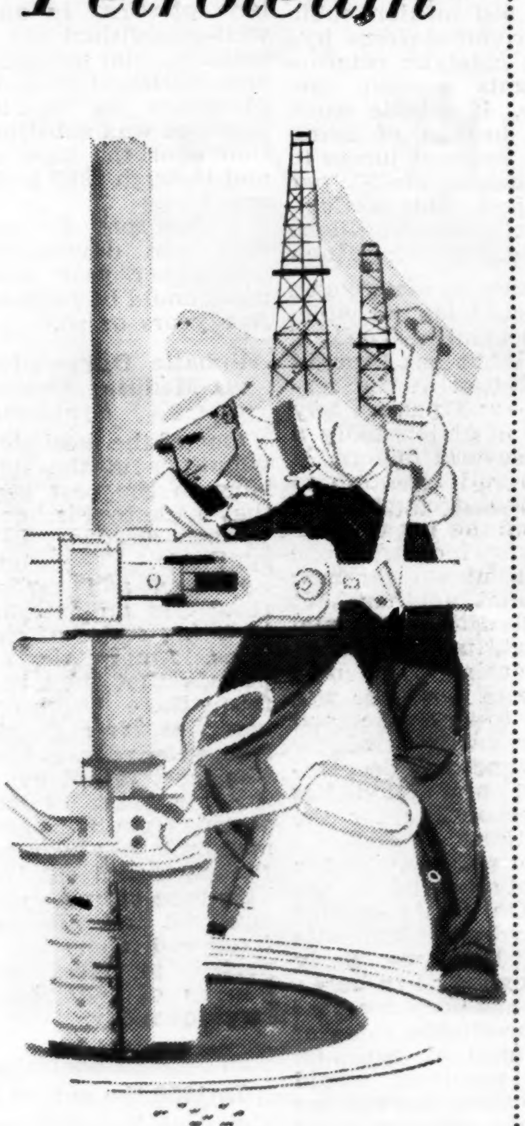
Their petrochemical sales were about $50,000,000 three years ago.

Cities Service

In 1927 Cities Service, with their natural gas oxidation process, manufactured formaldehyde, methanol and acetaldehyde. Cities Service and Continental have formed a petrochemical subsidiary called Petroleum Chemicals Inc.

Last April P. C. I. purchased from the government the Lake Charles butadiene plant. This plant has a capacity of about 65,000 tons per year. Recently P. C. I. has taken steps to increase

Continued on page 32



Continued from page 31

Petrochemicals Industry —Today and Tomorrow

the plant capacity to 80,000 tons per year.

Several months ago Cities Service and Continental purchased a controlling interest in mid-South Chemical Company, an anhydrous ammonia marketing company. This company is now undergoing a major expansion with construction and purchase of additional ammonia bulk distribution stations, dock facilities, and construction of barges for transporting ammonia to a number of terminals in the Mississippi Valley and in southern Texas. Recently P. C. I.'s management has approved construction of an ammonia plant for Lake Charles which will supply the requirements of Mid-South.

The Texas Company

The Texas Company offers an interesting example of diversified participation in the petrochemical field. Hexaco is engaged in increasing its direct participation and is simultaneously involved in the field through two jointly owned companies.

The Texas Company has been producing petrochemicals, as part of its regular operations, for many years. Only small amounts of these products have been marketed as such. They have been used in the manufacture of fuels, lubricants and specialty products of the company. Examples are the manufacture of naphthenic acids, sodium sulfonates, anti-freeze additives, gasoline additives and rust inhibitors.

Recent announcements have indicated that they are considerably expanding their petrochemical program. It has been reported that the company has a lubricating oil additive plant under construction at Port Arthur, Texas. Planning is also underway for the construction of a 180 ton/day ammonia and ammonia derivatives plant at Lockport, Ill.

The Texas Company and its wholly owned subsidiary, Texaco Development Corporation, have been major factors in the development and commercial application of the partial oxidation of natural gas and heavy fuel for the production of hydrogen for ammonia synthesis. Successful commercial operation on natural gas is well established. The first full-scale operation on heavy fuel will get underway soon in the Northern Chemical Industries, Inc., plant at Searsport, Maine. Texaco has also done considerable work on coal gasification and a recent press announcement indicates that a large-scale trial of this operation will be undertaken by Olin-Mathieson at Morgantown, West Virginia.

In its joint interest ventures, The Texas Company is associated with American Cyanamid in the Jefferson Chemical Company, Inc., and with the United States Rubber Company in the Texas-U. S. Chemical Company. Jefferson is a major producer of ethylene oxide and ethylene glycol. They also produce and sell a considerable number of other products, some of which, such as ethanolamines and morpholine, are derived from ethylene oxide.

Texas-U. S. Chemical was one of the successful bidders in the government's sale of its synthetic rubber producing facilities. Texas-U. S. now owns an undivided one-half interest in the butadiene plant at Port Neches, Texas. It also owns one of the two copolymer plants at Port Neches, Texas. The other half interest in the butadiene plant and the other copolymer plant are owned by Goodrich-Gulf Chemicals Company.

Both of these jointly owned ventures give promise of steady growth in the future.

Lion Oil

Lion Oil, now owned by Monsanto Chemical, was an example of a small oil company that was particularly successful in the petrochemical business. Lion's principal chemical activities were in ammonia and derivative fields. In 1954 Lion produced 225,600 tons of elemental nitrogen. At an estimated sales value of $80 per ton of nitrogen content, this represents approximately $18,000,000 of Lion's gross operating income of $98,585,000. Lion's net earnings of 11.2% of gross income compared very favorably with similar size integrated oil companies.

Standard Oil Company of Ohio

Standard of Ohio is one of the newcomers in the petrochemical field. Standard of Ohio began the manufacture and sale of fertilizers and other petrochemical products recently when their ammonia plant at Lima, Ohio, was completed.

Standard of Ohio's 1954 annual report states, "The decision to enter the rapidly-expanding petrochemical field represents a major diversification step for Standard of Ohio. It followed a comprehensive study of product profitability, market potentials, and manufacturing processes."

Internal Combustion Engine Petrochemicals

Premium Gasoline: Premium Gasoline has become the world's greatest outlet for petrochemicals. Years ago, this product was put together primarily by brute strength and awkwardness. Today it is becoming more and more a matter of blending specific chemical compounds for obtaining superior quality product. The octane race in the petroleum industry, which has been in progress for some years, will continue for many years to come. The average octane number of premium gasoline today country-wide, is 97. Some refineries are marketing a fuel of better than 98 octane. By a wide margin, the greatest single factor in this rise in octane in recent years is the widespread use of catalytic reforming processes. More than 1,000,000 barrels of naphtha are being reformed every day in this country.

One class of compounds that is of tremendous help to the refiner in continually improving the performance of his gasoline is aromatics. They are without a doubt the biggest petrochemical. In the table below the octane numbers of aromatics containing 6, 7 and 8 carbon atoms per molecule are shown. The lowest one is seen to be benzene which rates 99 octane and the two highest are m-and p-xylene at 145-146 octane.

Octane Quality of Aromatics

Benzene	99
Toluene	124
o-xylene	120
m-xylene	145
p-xylene	146
Ethyl benzene	124

Alkylate: The alkylation process, whereby isobutane is combined with olefins to produce high octane gasoline fractions suitable for blending with other gasoline components for aviation or motor fuels, has been in commercial operation for many years. This process uses either sulfuric acid or hydrofluoric acid as the catalyst. One of the constituents of alkylate is 2, 2, 4 tri-methylpentane, which by definition, is 100 octane. The production of alkylate — which is certainly a petrochemical—is currently in the vicinity of 250,000-300,000 BPD.

Major Petrochemicals

The President's Materials Policy Commission report of June 1952 estimated hydrocarbon intermediates available for chemical conversion on the basis of an estimated production of 2.5 billion barrels of oil in 1955[2] and 3.0 billion in 1960. It estimated natural gas production at 9.2 trillion cubic feet in 1955 and 11.4 trillion in 1960. Expressed as billions of pounds the following picture obtains:

Availability of Major Petrochemicals

	1955	1960
Paraffins:		
Methane—billions of pounds	119	129
Ethane	27	28
Propane	27	30
Butane	26	31
Olefins:		
Ethylene	24	27
Propylene	29	32
n-Butylenes and iso-Butylene	31	36
Aromatics:		
Benzene	9	12
Toluene	18	23
C_8Hydrocarbons (o,m, & p-xylenes, & ethylbenzene)	23	29

Hydrogen and Synthesis Gas: Hydrogen and carbon monoxide are two important petrochemicals made from methane.

These two chemicals are vital in a number of syntheses including ammonia, methanol, Oxo-alcohols, the Fischer-Tropsch synthesis, and countless reduction (hydrogenation) processes.

By-product hydrogen such as that obtained from a petroleum refining process-first commercialized 16 years ago—has had a profound effect on hydrogenation processes. All of the above processes fall in this category. Since there are over 500 million cubic feet per day produced from hydroforming and catalytic reforming, it represents a rich raw material supply. If a little work is done on it, instead of being worth only fuel value, it jumps to a value of as much as 40c-50c per thousand cubic feet. This product, is therefore worth many millions of dollars per year to the refiner.

Synthetic Ammonia: Many years ago ammonia could lay no claim to being a petrochemical. Today it surely is one! What has brought about the revolution in the fertilizer industry—and particularly in ammonia — is undoubtedly a combination of several factors. It is customary to call attention to two facts in the introduction of any discussion of the rapidly expanding fertilizer industry: one being the great annual increase in population and another that there is relatively little additional land to be brought under cultivation. An increasing awareness that greater use of fertilizer was the best way to increase and maintain the productivity of our soil while simultaneously decreasing the cost of production has been largely responsible for the fertilizer revolution.

The consumption of nitrogen (N) has probably tripled in the last 10 years. On Jan. 1 of this year the anhydrous ammonia capacity was 4,100,000 tons. Early next year it is expected to be 4,-800,000 tons. It has been reported that the most profitable rates of application, if used at optimum levels of other practices, would correspond to 10 times the current total use of three primary plant nutrients.[3] The implications of such a volume become immediately apparent.

Most oil companies are using natural gas for ammonia production.

An ammonia plant represents a substantial investment. A unit to produce 300 tons per day including off-site facilities etc. might cost as much as $10 million. An ammonia plant may be converted to production of methanol, the second - largest - volume product from methane. Production of methanol is now over 1.5 billion pounds per year. It is used for formaldehyde manufacture, anti-freeze, and solvents.

Ethylene: Except for petrochemicals such as aromatics and alkylate which are largely burned as fuel for the internal combustion engines, ethylene follows ammonia as the second highest tonnage material supplied from petroleum and natural gas. The growth of ethylene as a chemical raw material in the last 10 years has been spectacular. Its present annual consumption is in excess of 2 billion pounds. Its list of derivatives is steadily increasing until it now contributes to nearly twice as many chemical and chemical intermediates as both propylene and butylene.

The most rapidly growing market for ethylene is in polyethylene plastics. In addition to its well-established use for wire insulation, film for packaging, pipes and bottles, it is finding new applications in its low polymer forms as wax substitutes. Production over the past several years and through 1960 is shown in Figure 5.

Unless some far superior materials are developed, a billion pound per year production rate mark could be reached in the next five years or so.

Aliphatic Oxygenated Chemicals via Modified Fischer-Thropsch Synthesis

One of the most significant contributions in the field of chemistry in the past generation was that made by Fischer and Tropsch in their discovery of hydrocarbon synthesis. The interaction of hydrogen and carbon monoxide results in an extraordinarily interesting series of chemical reactions. Among the organic compounds that may be synthesized from these building blocks are paraffins, olefins, aromatics, alcohols, aldehydes, ketones and acids. The most recent developments in the synthesis of organic compounds from hydrogen and carbon monoxide has been application of the powdered catalyst technique. This type of operation has several apparent advantages over the fixed-bed operation and is expected to yield organic compounds of high quality and in large quantity.

Conclusion

In 1956 the output of the petrochemical industry may be seven times as great as in 1939. The total assets of the petrochemical industry are now valued at $4 billion. Petrochemicals account for nearly 25% of our total chemical production. In less than 10 years they will account for over 50%. The opportunities for growth are enormous and are expanding at such a rate as to assure an excellent future.

ACKNOWLEDGEMENT: The writer wishes to express his thanks for the help given him by Mr. K. S. Adams of Phillips Petroleum, Dr. Jerry McAfee of Gulf Oil, Mr. M. E. Spaght of Shell Oil, Mr. J. K. Roberts of Standard Oil Company (Indiana), Mr. L. C. Kemp, Jr. of The Texas Company, Dr. H. L. Malakoff of Petroleum Chemicals Inc., Mr. W. C. Asbury of Esso Research & Engineering, and Mr. W. F. Bland of Petroleum Processing, in the preparation of this paper which was originally presented before the American Chemical Society-Delaware Valley Regional Meeting on Feb. 16, 1956, and has just been brought up-to-date.

2 The estimated U. S. production in 1954 was quite close to this figure.

3 Nitrogen, phosphorous, and potassium.

Bache Co. Sponsors Automation Exhibit

An exhibit pointing up developments and highlights of the rapidly expanding field of automation and the instrument and control manufacturing industry, is being sponsored by the investment firm of Bache & Co., at the 11th Annual International Instrument Automation Conference and Exhibit, which is being held in the New York Coliseum from Sept. 17 to Sept. 21 under the auspices of the Instrument Society of America.

A special analysis of automation and the producers of automation equipment has been prepared by Bache & Co. and will be distributed at its exhibit in the Coliseum and at technical sessions, clinics, workshops and special meetings which will take place in rooms of the Coliseum, Columbia University and the Hotels Statler and New Yorker.

"Future thinking may well regard automation as the outstanding economic development of the second half of the Twentieth Century," the special study stated. In view of the fact that there is no automation industry as such, it was pointed out, producers of automation equipment cut broadly across industry lines and many capital goods industries should benefit.

The greatest beneficiaries, the firm stated, will be those companies producing automation equipment rather than the companies using the equipment. Producers of machinery and machine tools, electronics, instruments and controls, office equipment and materials handling equipment are in the best position to benefit from automation, it asserted.

However, Bache & Co. added, "this does not preclude the fact that as time goes on other companies whose interests are far afield from these areas may, through a program of diversification, carry their activities into the area of automation." The study then outlines the background and outlook for 15 companies, both large and small, which "over the long-term should benefit significantly from the spread of automation."

Banking Group Offers C.I.T. Financial Debs.

Public offering of $75,000,000 C. I. T. Financial Corp. 4¼% debentures, due Oct. 1, 1971 was made yesterday (Sept. 19) by a nationwide investment banking group headed by Dillon, Read & Co. Inc., Kuhn, Loeb & Co., and Lehman Brothers. The debentures are priced at 98.64% and accrued interest, to yield 4⅜% to maturity.

Proceeds from the sale will be used to furnish additional working funds to the corporation's subsidiaries to be used by them to reduce short-term borowings incurred for the purpose of purchasing receivables and for other corporate purposes. The major portion of the funds will be made available to C.I.T.'s automobile financing subsidiaries.

The new debentures are not subject to redemption prior to Oct. 1, 1966. Thereafter, the new debentures are redeemable at par.

C.I.T. Financial Corp. has numerous wholly-owned subsidiaries engaged principally in specialized forms of installment financing, including certain related insurance and other activities, and in factoring. Together, the subsidiaries form one of the largest installment sales financing organizations in the United States and Canada.

Form Mortgagee Ventures

Mortgagee Ventures, Ltd. has been formed with offices at 95 Liberty Street, New York City, to engage in a securities business.

Independent Bankers Annual Breakfast

PORTLAND, Oreg.—The Independent Bankers Association of the 12th Federal Reserve District, with headquarters in Portland, Oregon, will hold its Annual Independent Bankers Breakfast during the National ABA Convention at Los Angeles. The breakfast will be held in the Pacific Ballroom of the Statler Hotel Monday morning, Oct. 22, at 7:45.

Walter A. Johnson, President of the Olympia State Bank & Trust Company of Olympia, Washington, and President of the Association, states that he is happy to announce that the Association will have as its speaker at this annual event, Hon. James Louis Robertson, member of the Board of Governors of the Federal Reserve System, whose subject will be "The Administration of the Holding Company Act."

This meeting should be of particular interest to all the bankers in attendance at the ABA Convention, as the Federal Reserve Board is vested with administrating the recently enacted Bank-Holding Company Act and the bankers will undoubtedly want to know how this will be done and the Board's attitude on several points in the new law.

Tickets for this breakfast, which has now become a traditional event at the ABA Convention, will be $3, and may be secured by writing the Association at 825 Failing Building, Portland, Oreg.

Nortex Oil & Gas Conv. Pfd. Offered

J. R. Williston & Co. and associates are offering 100,000 shares of Nortex Oil & Gas Corp. $1.20 cumulative convertible preferred stock (par $1); convertible after April 1, 1957. The stock is priced at $20 per share.

Of the proceeds from the sale of these shares, the company proposes to use $110,000 to pay the principal and interest from Feb. 1, 1955 to Oct. 1, 1956, on its $100,000 promissory note due Feb. 1, 1957, and $552,500 to retire short-term notes incurred in connection with the acquisition in August, 1956, of properties located in Montague and Baylor Counties, Texas. The balance will be added to the company's general funds and used for any proper corporate purposes.

The new shares are convertible at any time after April 1, 1957 into common stock on the basis of one share of $1.20 preferred stock for each 1.7 shares of common. The stock is redeemable at $23 per share, plus unpaid and accrued dividends.

Nortex Oil & Gas Corp. owned as of Aug. 1, 1956 (including properties acquired in August, 1956) fractional interests in producing oil and gas properties in Texas, Mississippi and Louisiana with a total of 112 completed and producing oil and gas wells thereon (equivalent to 42.479 net wells), and two completed but shut-in gas wells (equivalent to 0.222 net wells). It also held leases on 18,911 net acres of nonproducing properties in Texas, New Mexico, Mississippi and Oklahoma.

Other members of the underwriting group include: Auchincloss, Parker & Redpath; Goodbody & Co.; H. M. Byllesby & Co., Inc.; Winslow, Cohu & Stetson; Hecker & Co.; Charles A. Taggart & Co.; and McDowell, Dimond & Co.

Jay Kaufmann Admits

Harry J. Lester was admitted to limited partnership in Jay W. Kaufmann & Co., 111 Broadway, New York City, members of the American Stock Exchange, on Sept. 1.

NASD District 11 Elects Muldowney Gov.

WASHINGTON, D. C. — The members of District No. 11 of the National Association of Securities Dealers, Inc., embracing the District of Columbia, Maryland, North Carolina, Virginia and West Virginia, recently elected Joseph J. Muldowney, a partner of Scott & Stringfellow, Richmond, Virginia, to the Board of Governors of the National Association of Securities Dealers, Inc., to fill the unexpired term of Beverley B. Munford, a partner of Davenport & Co., of Richmond, who resigned last month.

Mr. Muldowney was serving prior to his election to the Board as Chairman to the District Committee and District Business Conduct Committee of District No. 11.

Also, at a recent meeting of the Southeastern group of the Investment Bankers Association of America, Mr. Muldowney was elected Secretary of that group.

Louis Kass Opens

BRONX, N. Y.—Louis Kass is engaging in a securities business from offices at 1735 White Plains Road.

Forms Murray & Co.

Murray & Co. has been formed with offices at 40 Wall Street, New York City. Partners of the firm are Ian J. Murray, general partner, and James G. Murray, Jr., limited partner. James G. Murray, Jr. is a member of the New York Stock Exchange.

H. Kook Co. Formed

H. Kook & Co., Inc. has been formed with offices at 22 East 29th Street, New York City to engage in a securities business.

Girard H. Kunst Opens

Girard H. Kunst is engaging in a securities business from offices at 103 Park Avenue, New York City.

Form Western Inv. Service

ENGLEWOOD, Colo.—Western Investment Service, Inc. has been formed with offices at 3530 South Broadway, to engage in a securities business. Officers are H. W. Spence, President; Allen T. Mortenson, Vice-President; Ralph M. Buchanan, Secretary; and Taft Barrow, Treasurer.

Oil Investors Open

Oil Investors, Ltd. is engaging in a securities business from offices at 276 Fifth Avenue, New York City.

Form Priam Securities

Priam Securities Corporation has been formed with offices at 249 West 111th Street, New York City, to engaging in a securities business.

Form Inv. Corp. of Fla.

(Special to The Financial Chronicle)

FT. LAUDERDALE, Fla. — Investment Corporation of Florida has been formed with offices at 1750 East Sunrise Boulevard to engage in a securities business. G. P. Edwards is President of the company.

Bankers Sell Hawaiian Electric Pfd. Shares

Dillon, Read & Co. Inc. and Dean Witter & Co. headed an investment banking group which on Sept. 14 offered 150,000 shares of series F 5½% cumulative preferred stock of Hawaiian Electric Co., Ltd., at par ($20 per share) and accrued dividends. This offering has been completed.

The new preferred stock is entitled to a sinking fund for the retirement of 3,000 shares on or before Oct. 15, 1957 and each Oct. 15 thereafter. The sinking fund redemption price is par. The stock is redeemable at the option of the company at prices ranging from $21.50 for shares redeemed on or prior to Oct. 15, 1961 to $21 for shares redeemed thereafter.

The net proceeds from the sale of the stock will be used toward the payment of short-term loans incurred for a construction program which is expected to total about $41,047,000 for the period 1956-1960, including about $7,198,000 budgeted for 1956. The company anticipates raising in the near future additional funds for the construction program through an offering of 77,000 shares of common stock to its common stockholders.

Hawaiian Electric Co., Ltd. was incorporated in 1891 when Hawaii was a kingdom, and is engaged principally in the production, transmission, distribution and sale of electric energy for domestic, commercial, industrial, agricultural, street railway, and governmental purposes on the Island of Oahu, Territory of Hawaii. The company serves the city of Honolulu, sugar and pineapple plantations, Army and Navy establishments, and many towns and villages.

Operating revenues for the 12 months ended May 31, 1956 amounted to $19,830,162 and net income amounted to $3,101,259, compared with $18,301,213 and $2,642,096, respectively, for the year ended Dec. 31, 1955.

Fortune Petroleum Stock at $1 a Share

Willis E. Burnside & Co., Inc., of New York City, is publicly offering an issue of 300,000 shares of common stock of Fortune Petroleum Corp. at $1 per share as a speculation.

Fortune Petroleum Corp., organized in Delaware in June, 1956, is engaged in developing a 320-acre oil lease in Santa Barbara County, Calif., of which a total of 300 acres is considered proven.

According to the prospectus "no single method of estimating specific quantitative amounts of recoverable oil may be considered reliable although there is no doubt that there are literally millions of barrels in place beneath this 320 acre tract."

It is intended that the proceeds derived from the sale of the stock will be used to pay for drilling and equipping of three wells, working capital and other general corporate purposes.

Giving effect to this new financing, there will be outstanding 600,000 shares of common stock, out of an authorized issue of 2,500,000 shares.

Burd, Jacwin & Costa Opens

BAYSIDE, N. Y.—Burd, Jacwin & Costa, Inc. has been formed with offices at 226-15 Sixty-ninth Avenue. Officers are Frank H. Burd, President; Joseph A. Costa, Vice-President; and Roslyn Jacwin, Secretary.

Philip H. Diamond

Philip H. Diamond, member of the American Stock Exchange, passed away on Sept. 10.

Continued from page 4

The State of Trade and Industry

would bring outlays for all 1956 to a record $35,300,000,000 or $6,600,000,000 above the previous high in 1955.

In the automotive industry, Ford Division joined the swelling ranks of auto makers in 1957 model building last week with Plymouth and Studebaker slated to launch their new models this week, "Ward's Automotive Reports," stated on Friday last.

At the same time, the end of the 1956 model year drew nearer as Mercury and Cadillac sought to terminate such activity on Friday of the past week, leaving only Chevrolet, Pontiac, Oldsmobile and Buick still to enter changeovers.

However, General Motors devoted the current week to strong 1956 model activity, contributing in large part to the 35% upturn in car scheduling of 64,414 units from last week's Labor Day-crimped turnout of 47,771 autos. Hence, through last week, total 1956 model output had aggregated to some 6,250,000 units, or only 12% behind the 7,120,000 cars produced during the 1955 model run.

On a calendar year basis, "Ward's" observed, car building since Jan. 1 this year through the past week approximated 4,155,674 assemblies, reflecting a 28% lag behind the 5,763,540 built in like 1955.

Truck programming the past week was pegged at 18,698 units, the statistical agency said, up 28% from the preceding week's 14,655. Year-to-date truck production through last week totaled some 807,480 jobs, down 9% from the year-ago count of 889,282.

All Chrysler Corp. divisions reported "zero" production for the second consecutive week while car lines undergo major revisions. Lincoln and American Motors continued to strengthen on 1957 model output, each was in its third week of such activity.

Farm income, according to a prediction of the United States Department of Agriculture, will hit a two and one-half year high during the current quarter, mainly because of Government soil bank payments and wool subsidies.

Realized net income, the Department declared, "could well attain a (seasonally adjusted annual) rate of $12,000,000,000 or higher" in the July-September quarter.

Income ran at the rate of $11,600,000,000 a year in the preceding quarter and $11,000,000,000 in July-September of last year. Not since the first quarter of 1954—when the rate was $13,700,000,000—has the income pace topped $12,000,000,000.

Actual realized net income totaled $12,000,000,000 in 1954, then declined to $11,300,000,000 last year. The Department last month forecast a slight rise this year—the first since 1951—and a spokesman said Friday the prediction still stands. He estimated last month that 1956 income may come close to $11,600,000,000.

Steel Output Scheduled This Week at 99.6% of Ingot Capacity

United States steel ingot production capacity should reach 132,000,000 tons by Jan. 1, which is 3,600,000 above this year's Jan. 1 level, "Steel" magazine declared on Monday of this week. Expenditures for new equipment and construction in the steel industry are expected to total $1,200,000,000 this year.

The national metalworking weekly said expansion projects already have increased ingot capacity about 1,000,000 tons over the Jan. 1, 1956, capacity of 128,363,090 net tons.

Ingot expansion programs under way or announced by 26 steelmakers total 14,309,700 net tons, with completion dates extending into 1959. "Steel's" scoreboard of expansion last March showed 14,216,700 net tons under way or announced.

Capacities expected to be reached on Jan. 1 of each year, 1958-60, are: 1958, 138,000,000 net tons, a 4.5% increase over 1957, at an estimated cost of $1,500,000,000; 1959, 143,000,000 net tons, a 3.6% increase over 1958, at an estimated cost of $1,250,000,000; 1960, 148,000,000 net tons, a 3.5% increase over 1959, at an estimated cost of $1,250,000,000.

Steel expansion matches general capital spending for new facilities which is expected to hit $35,000,000,000 in 1956, as compared to $28,700,000,000 last year. The tight money policies aren't expected to materially affect general plans, at least in the short run.

A spot check of 50 metalworking firms by "Steel" indicates they expect to boost their capacity by 16% in 1957 despite the higher cost of borrowing money.

The steel ingot capacity completed so far this year helped steelmaking operations reach a high percentage of capacity quickly after the steel workers' strike. The rate of operations is still computed on the Jan. 1, 1956, capacity.

In the week ended Sept. 16, production of steel ingots rose to 100.5% of capacity or 2,474,202 net tons, 2.5 points over the preceding week. This equals the year's high mark set at the end of April.

Strong demand for steel the world over is boosting prices of steel imported into the United States. For extended deliveries, western European countries have raised prices anywhere from 5 to 65 cents per 100 lb.

Domestic steel prices are steady, so "Steel's" price composite on finished steel remains at $137.75 a net ton. Steelmaking scrap pushed up again, raising "Steel's" price composite on it to another new record, $59.67 a gross ton.

The American Iron and Steel Institute announced that the operating rate of steel companies having 96.1% of the steelmaking capacity for the entire industry will be at an average of 99.6% of capacity for the week beginning Sept. 17, 1956, equivalent to 2,452,000 tons of ingot and steel for castings as compared with 100.6% of capacity, and 2,477,000 tons (revised) a week ago.

The industry's ingot production rate for the weeks in 1956 is based on annual capacity of 128,363,090 tons as of Jan. 1, 1956.

For the like week a month ago the rate was 95.8% and production 2,359,000 tons. A year ago the actual weekly production was placed at 2,320,000 tons or 96.1%. The operating rate is not comparable because capacity is higher than capacity in 1955. The percentage figures for 1955 are based on annual capacity of 125,828,310 tons as of Jan. 1, 1955.

Electric Output Turns Upward the Past Week

The amount of electric energy distributed by the electric light and power industry for the week ended Saturday, Sept. 15, 1956, was estimated at 11,339,000,000 kwh., an increase above the week ended Sept. 8, 1956, according to the Edison Electric Institute.

This week's output rose 384,000,000 kwh. above that of the previous week; it increased 716,000,000 kwh. or 6.7% above the comparable 1955 week and 2,265,000,000 kwh. over the like week in 1954.

Car Loadings in Week Ended Sept. 8 Declined 13.4% Below the Preceding Week Due to the Labor Day Holiday

Loadings of revenue freight for the week ended Sept. 8, 1956 which were affected by the Labor Day Holiday, decreased 104,755 cars or 13.4% below the preceding week, the Association of American Railroads reports.

Loadings for the week ended Sept. 8, 1956, totaled 679,611 cars, a decrease of 22,381 cars or 3.2% under the corresponding 1955 week, but an increase of 78,086 cars, or 13% above the corresponding week in 1954.

U. S. Car Output the Past Week Showed a 35% Upturn Above That of the Preceding Labor Day Week

Car output for the latest week ended Sept. 14, 1956, according to "Ward's Automotive Reports," advanced 35% from that of the preceding Labor Day week.

Last week the industry assembled an estimated 64,414 cars, compared with 47,771 (revised) in the previous week. The past week's production total of cars and trucks amounted to 83,112 units, or an increase of 20,686 units above the preceding week's output, states "Ward's."

Last week's car output rose above that of the previous week by 16,643 cars, while truck output was higher by 4,043 vehicles during the week. In the corresponding week last year 122,263 cars and 21,348 trucks were assembled.

Last week the agency reported there were 18,698 trucks made in the United States. This compared wtih 14,655 in the previous week and 21,348 a year ago.

Canadian output last week was placed at 1,908 cars and 1,601 trucks. In the previous week Dominion plants built 2,475 cars and 1,661 trucks and for the comparable 1955 week, 2,416 cars and 457 trucks.

Business Failures Increased Slightly the Past Week

Commercial and industrial failures edged up slightly to 203 in the week ended Sept. 13 from 196 in the preceding week, Dun & Bradstreet, Inc., reports. The toll exceeded the 191 occurring in the similar week last year and the 195 in 1954, but remained 25% below the pre-war level of 269 in the similar week of 1939.

Failures involving liabilities of $5,000 or more increased to 175 from 172 last week and 161 a year ago. While small failures, those with liabilities under $5,000, rose to 28 from 24, they were below the 30 of the comparable 1955 period. Liabilities in excess of $100,000 were incurred by 14 of the week's failures as against 16 in the previous week.

All industry and trade groups except commercial service had higher tolls than in the holiday week. Casualties in commercial service declined to 18 from the 24 of the previous week. There was a considerable year-to-year rise in failures among retailers. However, the manufacturing toll fell below the 1955 level, while other lines held relatively steady.

Six of the nine major geographic regions reported increases in the week just ended. The week's only declines occurred in the Middle Atlantic States, down to 59 from 73, and in the New England States, off to 4 from 5. There was no change in the East South Central toll. Mixed trends from 1955 prevailed, with four regions having higher failures, four regions having lower failures and one region remaining at last year's level. The South Atlantic and West North Central States reported the sharpest rises, with tolls over twice as heavy as a year ago.

Wholesale Food Price Index Holds To Mild Advance of Previous Week

Continuing the mild upward trend shown in the preceding week, the wholesale food price index, compiled by Dun & Bradstreet, Inc., advanced to $6.07 on Sept. 11, as against $6.05 a week earlier. The current level is still 3.0% under the $6.26 recorded at this time a year ago.

Moving higher in wholesale cost last week were flour, wheat, corn, oats, beef, bellies, lard, butter, beans, rice, steers and lambs. Lower in price were rye, barley, hams, sugar, cocoa, peas and hogs.

The index represents the sum total of the price per pound of 31 raw foodstuffs and meats in general use and its chief function is to show the general trend of food prices at the wholesale level.

Wholesale Commodity Price Level In Latest Week Scored Highest Point Since Mid-April 1952

The general commodity price level, as measured by the Dun & Bradstreet daily wholesale commodity price index, turned upward the past week to reach the highest since mid-April 1952. The index registered 298.89 on Sept. 11, as compared wtih 296.58 a week earlier and 278.05 on the like date a year ago.

Grains were irregular last week, reflecting variable weather conditions as the Fall harvesting season progresses. Wheat was quite active and firm with some buying influenced by an expansion in export sales of United States wheat to foreign consumers. Corn was in good demand. Prices advanced under limited producer offerings which were much below processor needs. Yield prospects for corn showed a slight improvement during August but sunshine and warm weather are needed in the northern section of the belt to mature the crop. Oats showed strength aided by a preliminary estimate which called for a yield somewhat smaller than that forecast a month ago. Volume of trading in grain and soybean futures on the Chicago Board of Trade last week was

reduced by the holiday, but daily average sales, totaling 50,200,000 bushels, were up from 45,300,000 the previous week and 40,000,000 a year ago.

Business in all types of hard wheat bakery flours continued inactive with small price changes late in the week offering little or no inducement to more extended coverage. A limited volume developed in durum blends and semolina in late dealings as mills protected against a price advance.

Coffee scored a moderate rise on reports of buying by roasters in the spot market of mild coffees at slightly higher prices, and a firmer position, especially for Colombians.

Buying interest in the domestic raw sugar market was less active and prices trended slightly lower.

Cocoa prices were down slightly at the close, reflecting lagging manufacturer interest and weakness in the London market. Warehouses stocks of cocoa declined to 407,807 bags from 411,451 a week earlier, but were still well above the 248,019 reported at this time a year ago. Lard trading was more active and prices registered modest gains for the week.

The Chicago livestock market was featured by a sharp advance in prime steers. Small receipts and higher wholesale beef prices helped to lift values to the highest levels since March 1955.

Cotton prices moved in a narrow range last week. Activity in spot markets was only moderate as traders awaited the issuance of the official crop production estimate by the Department of Agriculture.

The report, based on Sept. 1 conditions, estimated the 1956 yield of cotton at 13,115,000 bales, the smallest since 1950.

Although this was a drop of 437,000 bales from last month's forecast, it was considerably higher than the average of preliminary crop estimates issued during the past week. Total cotton production in 1955 was 14,721,000 bales and the 10-year average (1945-1954) was 13,098,000 bales. CCC loan entries continued in good volume, totaling 62,400 bales in the week ending Aug. 31, against 40,200 the week before.

Retail Trade Volume Holds Steady in Latest Week

Although retailers reported noticeable gains in children's back-to-school clothing and women's Fall apparel, total retail trade remained at the level of the previous week.

Volume in new and used automobiles was high and steady with dealer inventories of new cars considerably below those of a year ago.

The total dollar volume of retail trade in the period ended on Wednesday of last week was from 1% below to 3% higher than a year ago, according to estimates by Dun & Bradstreet, Inc. Regional estimates varied from the comparable 1955 levels by the following percentages: New England —1 to +3; East —5 to —1; South and Middle West +1 to +5; Northwest —2 to +2; Southwest +2 to +6 and Pacific Coast 0 to +4.

A continued rise in the buying of children's Fall apparel was reported, with sizable year-to-year gains. Purchases of women's Fall coats, dresses and sportswear expanded moderately. Sales of woolen skirts and sweaters exceeded those of last year. Despite slight increases in Fall suits and dress shirts, the total dollar volume in men's apparel fell below that of the previous week.

There was a slight decrease in the buying of home furnishings the past week and volume was slightly below that of the similar 1955 week.

While the call for upholstered living room chairs and occasional furniture rose moderately, interest in bedroom suites and dining room sets fell noticeably. Retailers reported a drop in purchases of floor coverings and draperies. Volume in linens and blankets was below that of a year ago.

A slight gain in the buying of television sets and radios occurred, but sales of major appliances were behind the level of the preceding week.

While grocers continued to report a decline in the call for canned goods last week, sales of frozen vegetables and juice concentrates expanded noticeably. Volume in fresh meat, poultry and butter rose moderately, but purchases of eggs and cheese fell somewhat.

There was a marked rise in wholesale orders for women's Fall apparel and textiles the past week with deliveries sometimes behind schedule.

Volume in home furnishings and food products remained at the level of the previous week. Total wholesale trade slightly exceeded that of the similar 1955 period.

Department store sales on a country-wide basis as taken from the Federal Reserve Board's index for the week ended Sept. 8, 1956, increased 4% above those of the like period of last year. In the preceding week, Sept. 1, 1956, an increase of 2% was reported. For the four weeks ended Sept. 8, 1956, an increase of 5% was recorded. For the period Jan. 1, 1956 to Sept. 8, 1956 a gain of 4% was registered above that of 1955.

Retail trade volume in New York City the past week aided by cooler weather and numerous promotions rose 2% to 4% above the like period a year ago, according to trade observers.

According to the Federal Reserve Board's index, department store sales in New York City for the weekly period ended Sept. 8, 1956, decreased 3% below those of the like period last year. In the preceding week, Sept. 1, 1956, no change was recorded. For the four weeks ending Sept. 8, 1956, an increase of 1% was registered. For the period Jan. 1, 1956 to Sept. 8, 1956 the index recorded a rise of 4% above that of the corresponding period in 1955.

Acme Steel Common Stock Offered at $33

An underwriting group headed jointly by Blyth & Co., Inc. and Merrill Lynch, Pierce, Fenner & Beane yesterday (Sept. 19) offered for public sale 400,000 shares of Acme Steel Co. common stock priced at $33 per share.

Out of the proceeds of the sale of these additional shares Acme will use $9,950,000 to complete the payment of $16,450,000 for its purchase of Newport Steel Corp. of Newport, Ky. under an agreement made in July of this year. The balance of proceeds will be added to Acme's working capital.

Acquisition of Newport Steel, in line with Acme's expansion program, gives Acme its own source of semi-finished steel. To provide additional supplies of semi-finished steel within its organization, the company plans to build other facilities near its Riverdale, Ill. plant at a cost of approximately $15,000,000.

Acme is one of the largest manufacturers and distributors of steel strapping and strapping tools and equipment and wire stitching equipment. A subsidiary manufactures tubular metal furniture, steel kitchen cabinets and sinks.

Acme has been in business since 1885. Its annual net sales have increased from $39,999,258 in 1946 to $110,133,016 in 1955. For the six months ended June 30, 1956 sales were $64,161,834 compared with $53,489,079 for the like period of 1955. Net income for 1955 was $6,172,119, equal to $3.12 per share on the common stock and for the first half of 1956 it was $3,814,167, or $1.93 per share.

The company has paid cash dividends on the common stock in each year since 1901. So far this year three quarterly dividends of 40 cents per share have been paid and with each an extra of 10 cents, making a total of $1.50 per share.

Form Security Investors

Security Investors Company has been formed with offices at 30 Church Street, New York City, to engage in a securities business. Harold Ignatoff is a principal of the firm.

Securities Now in Registration

★ INDICATES ADDITIONS SINCE PREVIOUS ISSUE
• ITEMS REVISED

Abundant Uranium, Inc., Grand Junction, Colo.
Feb. 23 (letter of notification) 3,000,000 shares of common stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—319 Uranium Center, Grand Junction, Colo. **Underwriter**—Ralph M. Davis & Co., Grand Junction, Colo.

• Allegheny Ludlum Steel Corp.
Aug. 31 filed $16,377,000 of 4% convertible subordinated debentures due Oct. 1, 1981, being offered for subscription by common stockholders of record Sept. 19 at the rate of $100 of debentures for each 23 shares of stock held; rights to expire on Oct. 3. **Price**—100% (flat) to stockholders. **Proceeds** — To repay outstanding obligations and for expansion program. **Underwriters** — The First Boston Corp. and Smith, Barney & Co., both of New York.

Allentown Portland Cement Co. (9/26)
Sept. 5 filed 200,000 shares of class A common stock (par $1.25). **Price**—To be supplied by amendment. **Proceeds**—To two selling stockholders. **Underwriter**—Kuhn, Loeb & Co., New York.

American Federal Finance Corp., Killeen, Texas
Sept. 5 filed 40,000 shares of class B common stock (par $5) and 400,000 shares of preferred stock (par $5) to be offered in units of 10 preferred shares and one common share. **Price**—$55 per unit. **Proceeds**—To purchase used car paper and to extend the company's operations into the field of new car financing. **Underwriter**—None. J. J. Fain is President.

American Insurance Co., Newark, N. J. (9/21)
Aug. 31 filed 1,750,000 shares of capital stock (par $2.50) to be offered in exchange for outstanding 1,750,000 shares of capital stock of American Automobile Insurance Co. of St. Louis, Mo., on a share-for-share basis. This offer is conditioned upon deposit of at least 1,400,000 shares of Automobile stock. Kidder, Peabody & Co. will head group of dealers to solicit tenders. The offer is expected about Sept. 21 to Oct. 11.

• American Insurors' Development Co.
Feb. 10 filed 400,000 shares of common stock (par $1). **Price** — $2.50 per share. **Proceeds** — To expand service business. **Office** — Birmingham, Ala. **Underwriter** — Odess, Martin & Herzberg, Inc., Birmingham, Ala. Statement withdrawn on Aug. 2.

American Telephone & Telegraph Co. (10/2)
Aug. 22 filed 5,800,000 shares of capital stock to be offered for subscription by stockholders of record Sept. 14, 1956 at the rate of one new share for each 10 shares held; rights to expire on Nov. 5, 1956. **Price**—At par ($100 per share) payable in one or two payments. **Proceeds**—For expansion of plant and for advances to, and investment in stocks of, subsidiaries. **Underwriter**—None.

• Anheuser-Busch, Inc., St. Louis, Mo. (9/27)
Aug. 30 filed 328,723 shares of common stock (par $4). **Price**—To be supplied by amendment. **Proceeds** — To Estate of Edmee B. Greenough, deceased. **Underwriter**—Lee Higginson Corp., New York.

Arden Farms Co., Los Angeles, Calif.
June 15 filed $4,099,300 of 5% subordinated debentures due July 1, 1986 (convertible until July 1, 1964) and 63,614 shares of common stock (par $1). The debentures are being offered for subscription by preferred stockholders at the rate of $10 principal amount of debentures for each preferred share held, while the common shares are being offered for subscription by common stockholders at the rate of one share for each 10 shares held as of July 10; rights to expire on Sept. 25. **Price**—For debentures, 100% per $100 principal amount; for stock, $12.50 per share. **Proceeds**—To repay bank loans. **Underwriter**—None. Statement effective July 10.

★ Artic Circle, Inc., Salt Lake City, Utah
Sept. 10 (letter of notification) 33,000 shares of common stock. **Price** — At par ($6 per share). **Proceeds** — For operation of a "Drive-in Ice Cream Store." **Office**—135 East 9th St., Salt Lake City, Utah.— **Underwriter**—None.

Ashtabula Telephone Co.
Sept. 5 (letter of notification) 10,000 shares of common stock (par $25) to be offered to stockholders. **Price**—To be filed by amendment. **Proceeds**—For general corporate purposes. **Office**—4616 Park Ave., Ashtabula, Ohio. **Underwriter**—None.

Astron Corp., East Newark, N. J.
Sept. 5 (letter of notification) 45,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Underwriter**—Van Alstyne, Noel & Co., New York.

Atlantic Oil Corp., Tulsa, Okla.
April 30 filed 2,000,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—For working capital and general corporate purposes. **Underwriter** — To be named by amendment.

Atlas Credit Corp., Philadelphia, Pa.
June 11 filed $600,000 of 6% convertible subordinated debentures due June 15, 1968. **Price**—100% of principal amount. **Proceeds**—To retire indebtedness of the company to its affiliates for money borrowed for working capital. **Underwriters**—Hallowell, Sulzberger & Co. and Charles A. Taggart & Co., Inc., both of Philadelphia, Pa., and Weill, Blauner & Co., Inc. of New York.

• Atlas Sewing Centers, Inc., Miami, Fla. (9/26)
Aug. 27 filed 180,000 shares of common stock (par $1), of which 120,000 shares are to be offered for account of selling stockholders. **Price**—To be supplied by amendment. **Proceeds**—For general corporate purposes. **Underwriters**—R. S. Dickson & Co., Charlotte, N. C.

Audubon Park Raceway, Inc.
July 13 (letter of notification) 600,000 shares of common stock (par 10 cents) to be offered for subscription by common stockholders at rate of 0.46875 of a share for each share held. **Price**—10 cents per share. **Proceeds**—For general corporate purposes. **Underwriters**—Berwyn T. Moore & Co., Louisville, Ky.; Gearhart & Otis, Inc., New York, and Crerie & Co., Houston, Tex.

Automation Development Mutual Fund, Inc.
Aug. 24 filed 300,000 shares of common stock. **Price**—At market. **Proceeds**—For investment. **Office**—Washington, D. C. **Distributor**—Automation Development Securities Co., Inc., Washington, D. C.

Automation Industries Corp., Washington, D. C.
May 11 filed 179,000 shares of common stock (par $1). **Price**—$5.25 per share. **Proceeds**—For working capital and other corporate purposes. **Underwriter** — None. Harry Kahn, Jr., of Washington, D. C., is President and Treasurer.

• Bahamas Helicopters, Ltd. (10/2)
July 13 filed 300,000 shares of ordinary (common) stock (par £1 sterling). **Price**—To be supplied by amendment. **Proceeds** — To purchase a 49% stock interest in Aero Technics, S. A., for approximately $500,000, to make a $200,000 down payment on three S-58 Sikorsky helicopters to cost a total of $1,025,000, and to retire $175,000 of indebtedness. **Underwriter**—Blair & Co. Incorporated, New York.

Bangor Hydro-Electric Co.
Aug. 21 filed 52,796 shares of common stock (par $15) being offered for subscription by common stockholders of record Sept. 11, 1956 at the rate of one new share for each six shares held (with an oversubscription privilege); rights to expire on Sept. 25. **Price**—$31.50 per share. **Proceeds**—To retire bank loans and for construction program. **Dealer-Manager**—Smith, Barney & Co., New York.

• Barium Steel Corp. (10/1-5)
Sept. 11 filed $6,500,000 of 5½% convertible debentures due 1968. **Price** — To be supplied by amendment. **Proceeds** — $2,687,500 to pay mortgage loan to certain subsidiaries and guaranteed by Barium Steel Corp.; about $3,000,000 for capital improvements; and for other corporate purposes. **Underwriters**—Lee Higginson Corp. and Allen & Co., both of New York.

★ Baton Rouge Water Works Co.
Sept. 11 (letter of notification) 6,946 shares of common capital stock (no par). **Price**—$43 per share. **Proceeds**—For extensions and betterments to water system. **Office**—131 Lafayette St., Baton Rouge, La. **Underwriter**—None.

Bentonite Corp. of America
June 29 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For mining expenses. **Office**—290 N. University Ave., Provo, Utah. **Underwriter**—Thomas Loop Co., New Orleans, La.

Big Horn Mountain Gold & Uranium Co.
Feb. 23 (letter of notification) 9,300,000 shares of common stock (par one cent). **Price**—Three cents per share. **Proceeds**—To be used for exploratory work on mining mineral properties. **Office**—1424 Pearl Street, Boulder, Colo. **Underwriter**—Lamey & Co., Boulder, Colo.

Birnaye Oil & Uranium Co., Denver, Colo.
April 6 (letter of notification) 1,000,000 shares of class A common stock (par five cents). **Price** — 10 cents per share. **Proceeds** — For mining expenses. **Office** — 762 Denver Club Bldg., Denver, Colo. **Underwriter**—Birkenmayer & Co., Denver, Colo.

Blackstone Valley Gas & Electric Co. (10/11)
Aug. 15 filed 25,000 shares of cumulative preferred stock (par $100), of which 1,430 shares are to be offered for subscription by common stockholders (other than Eastern Utilities Associates, the parent) on the basis of one preferred share for each common share held as of Sept. 11, 1956. **Proceeds**—To reduce bank loans. **Underwriter**—To be determined by competitive bidding. Probable bidders: W. C. Langley & Co.; Stone & Webster Securities Corp.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Harriman Ripley & Co., Inc. **Bids**—To be received up to 11 a.m. (EDT) on Oct. 11 at 49 Federal Street, Boston, Mass.

Bridgford Packing Co., Anaheim, Calif.
Aug. 13 (letter of notification) 222,222 shares of common stock (par $1). **Price**—$1.35 per share. **Proceeds**—To pay obligations, purchase equipment, etc. **Office**—1308 No. Patt Street, Anaheim, Calif. **Underwriter**—J. D. Creger & Co., 124 North Bright Avenue, Whittier, Calif.

Brown Investment Co., Ltd., Honolulu, T. H.
July 11 filed 60,075 shares of common stock (par $1). **Price**—At net asset value, plus a selling commission of 7½% of the offering price. **Proceeds**—For investment. **Business**—A diversified, open-end investment company of the management type. **Underwriter**—Brown Management Co., 833 Alaska St., Honolulu, Hawaii.

Brush Beryllium Co. (10/2)
Sept. 11 filed 400,000 shares of common stock (par $1), of which 375,000 shares are to be offered publicly and 25,000 shares are to be offered for subscription by common stockholders. **Price**—$10 per share. **Proceeds**—For expansion program. **Underwriters**—Kuhn, Loeb & Co., New York, and McDonald & Co., Cleveland, O., for public offering. Stockholder offering is not underwritten.

★ Budget Plan Corp.
Sept. 7 (letter of notification) 5,000 shares of Class A common stock (par $1). **Price**—$5 per share. **Proceeds**—To establish additional offices. **Office**—3 Kings Highway East, Haddonfield, N. J. **Underwriter**—None.

★ Bureau of National Affairs, Inc.
Sept. 17 (letter of notification) 500 shares of common stock (no par) to be offered to employees. **Price** — $32 per share. **Proceeds** — For cash reserves. **Office**—1231 24th St., N. W., Washington, D. C. **Underwriter**—None.

Burma Shore Mines, Ltd., Toronto, Canada
July 26 filed 600,000 shares of capital stock, of which 500,000 shares are to be offered publicly, and 100,000 shares to promoters. **Price**—At par ($1 per share). **Proceeds** — For equipment, exploration, drilling, working capital and other general corporate purposes. **Underwriter**—To be named later.

Cadwell Mining Co., Denver, Colo.
Aug. 13 (letter of notification) 600,000 shares of common stock (par one mill). **Price**—50 cents per share. **Proceeds**—For equipment, payment of current liabilities and working capital. **Office**—2450 Kendall St., Denver, Colo. **Underwriter**—Wayne Jewell Co., Denver, Colo.

California Electric Power Co. (10/9)
Sept. 10 filed $8,000,000 first mortgage bonds due 1986. **Proceeds**—To repay bank loans and for new construction. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Shields & Co.; Merrill Lynch, Pierce, Fenner & Beane and Kidder, Peabody & Co. (jointly); Blyth & Co., Inc.; The First Boston Corp. and Salomon Bros. & Hutzler (jointly); Lehman Brothers; White, Weld & Co. **Bids**—Expected to be received on Oct. 9.

Carmel Petroleum Co.
Aug. 24 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For expenses incident to development of oil and gas property. **Office**—Osawatomie, Miami County, Kansas. **Underwriter**—None.

• Centers Corp., Philadelphia, Pa. (10/15-19)
July 30 filed $8,000,000 of 5½% sinking fund debentures due Aug. 1, 1971, and 1,600,000 shares of common stock (par one cent) to be offered in units of $50 of debentures and 10 shares of stock (neither of which will be separately transferable until Aug. 1, 1958). **Price** — $50 per unit. **Proceeds**—About $4,100,000 will be used to acquire seven shopping center sites and a Penn Fruit supermarket adjacent to one of them; the balance will be used to develop shopping centers at the seven sites and to acquire and develop additional sites for related real estate activities, and for general corporate purposes. **Underwriter** — Blair & Co. Incorporated, Philadelphia and New York. Latter has agreed to purchase an additional 300,000 common shares and reoffer them to persons selected by it at $1.10 per share. **Offering**—Expected latter part of September.

Century Controls Corp., Farmingdale, N. Y.
Aug. 27 filed $600,000 of 10-year 6% debentures. **Price**—90% of principal amount. **Proceeds**—For research and development; expansion; equipment; and other corporate purposes. **Underwriter**—None.

Century Controls Corp., Farmingdale, N. Y.
Aug. 27 filed 120,000 shares of common stock (par $1). **Price**—At market (over-the-counter price in New York). **Proceeds**—To selling stockholder (Ray, Daisley & Co., Inc.) **Underwriter**—None.

Century Food Markets Co. (9/24-28)
Aug. 30 filed $2,000,000 of convertible subordinated debentures and 40,000 shares of common stock (par $1) to be offered in units of $50 of debentures and one share of stock. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loan, for expansion and working capital. **Underwriter**—H. M. Byllesby & Co., Inc., Chicago, Ill. **Office**—Youngstown, Ohio.

• Chemical Process Co.
Aug. 17 (letter of notification) 15,000 shares of common stock (par $1). **Price**—At market (estimated at $6.625

per share). **Proceeds**—To go to Alexis E. Post, San Francisco, Calif. **Underwriter** — Stone & Youngberg, San Francisco, Calif. Public offering withdrawn.

Chinook Plywood, Inc., Rainier, Ore.
Sept. 4 filed 200 shares of common capital stock. **Price**—At par ($3,000 per share). **Proceeds**—For acquisition of a plant site, construction of a mill building, purchase and installation of machinery and equipment, and as operating capital. **Underwriter** — Industry Developers, Inc.

Chisago City Telephone Co., Chisago, Minn.
Sept. 6 (letter of notification) 1,000 shares of common stock to be offered to stockholders. **Price**—At par ($25 per share). **Proceeds** — For new construction. **Underwriter**—None.

Christian Fidelity Life Insurance Co.
July 12 filed 20,000 shares of common stock (par $10) to be offered first and for period of 30 days to stockholders. **Price**—$26 per share. **Proceeds**—For capital and surplus, including $200,000 to be invested in securities common to the life insurance industry. **Office**—Waxahachie, Tex. **Underwriter**—None, sales to be made through Albert Carroll Bates, President of the company.

Citizens Credit Corp., Chevy Chase, Md.
Aug. 27 (letter of notification) 15,500 shares of class A common stock (par $12.50), to be offered for subscription by stockholders. **Price**—$17 per share. **Proceeds**—For working capital, etc. **Underwriter**—The Matthew Corp., Washington, D. C.

Claussen Bakeries, Inc., Augusta, Ga.
Aug. 13 filed $250,000 of 6% debentures due 1966, and 166,000 shares of common stock (par $1), of which the debentures and 16,000 shares of stock are to be offered publicly and the remaining 150,000 shares of stock are to be offered for subscription by class A and class B common stockholders at the rate of two-thirds of a share of new common stock for each class A and/or class B stock held. **Price** — Of debentures, 100% of principal amount; and of stock to stockholders, $5.50 per share; and to public, $6.50 per share. **Proceeds**—Together with funds from private placement of preferred stock by H. H. Claussen Sons, Inc., a subsidiary, to retire debentures and subsidiary's preferred stock; for expansion and other corporate purposes. **Underwriter**—Johnson, Lane, Space & Co., Inc., Savannah, Ga.

★ **Coliseum Films, Inc.**
Sept. 12 (letter of notification) 30,000 shares of common stock (par $1). **Price**—$10 per share. **Proceeds**—For working capital. **Office**—19 West 44th St., New York 36, N. Y. **Underwriter**—None.

Colorado Springs Aquatic Center, Inc.
Aug. 23 filed 500,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For swimming pool and related activities, bowling alley, site preparation including parking, and land cost ($95,000). **Underwriters**—Arthur L. Weir & Co. and Copley & Co., both of Colorado Springs, Colo.

● **Columbia Baking Co., Atlanta, Ga.**
Aug. 17 filed 26,768 voting trust certificates, each representing the beneficial interest in one share of common stock (no par), to be offered for subscription by holders of outstanding common stock and participating preferred stock on the basis of one voting trust certificate for each eight shares of either class of such stock then held (with an oversubscription privilege); subscription warrants to be good for a period of three weeks. **Price**—$25 per share. **Proceeds**—To reduce bank loans. **Underwriters**—The Robinson-Humphrey Co., Inc. and J. H. Hilsman & Co., both of Atlanta, Ga.

Columbia Gas System, Inc. (10/3)
Sept. 6 filed $25,000,000 of debentures, series G, due 1981. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Expected to be received up to 11 a.m. (EDT) on Oct. 3.

Commercial Credit Co.
July 31 filed $50,000,000 of notes due Sept. 1, 1976. **Price**—To be supplied by amendment. **Proceeds**—To repay short-term loans and for working capital. **Underwriters**—The First Boston Corp. and Kidder, Peabody & Co., both of New York (latter handling books). **Offering**—Indefinitely postponed.

Consolidated Oil Management
Aug. 16 (letter of notification) $250,000 of 10-year 5½% collateral trust bonds due Sept. 9, 1966. **Office**—7352 Central Ave., St. Petersburg, Fla. **Predecessor**—Lynch Oil Co. **Underwriter**—Security & Bond Co., Lexington, Kentucky.

Contract Electronics Corp.
Aug. 14 (letter of notification) 600,000 shares of common stock. **Price**—At par (50 cents per share). **Proceeds**—For purchase of stock of affiliates and working capital. **Office**—9036 Culver Blvd., Culver City, Colo. **Underwriter**—L. A. Huey Co., Denver, Colo.

Crater Lake Mining & Milling Co., Inc.
March 8 (letter of notification) 575,000 shares of common stock. **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office** — 1902 East San Rafael, Colorado Springs, Colo. **Underwriter** — Skyline Securities, Inc., Denver, Colo.

Crestmont Oil Co.
June 28 (letter of notification) 8,000 shares of common stock (par $1). **Price**—$6.25 per share. **Proceeds**—To selling stockholders. **Office** — 2201 West Burbank, Calif. **Underwriter**—Neary, Purcell & Co., Los Angeles, Calif.

Cro-Plate Co., Inc.
Aug. 22 (letter of notification) 4,123 shares of common stock (par $5) to be offered to stockholders on the basis of one share for each two shares now held or one share for each warrant held. **Price**—$9.50 per share. **Proceeds**—For working capital, etc. **Office** — 747 Windsor St., Hartford, Conn. **Underwriter**—None.

Devall Land & Marine Construction Co., Inc. (9/24-28)
May 16 (letter of notification) 150,000 shares of common stock (par $1). **Price**—$2 per share. **Proceeds**—For payments of notes, to purchase and equip three boats and working capital. **Office**—1111 No. First Ave., Lake Charles, La. **Underwriter**—Vickers Brothers, Houston, Tex.

Diversified Oil & Mining Corp., Denver, Colo.
Aug. 29 filed 2,500,000 shares of 6% convertible noncumulative preferred stock, first series (par $1), and warrants to purchase 500,000 shares of common stock (par 10 cents) to be offered for subscription initially by common stockholders in units of 25 preferred shares and a warrant to purchase five common shares. **Price**—$25.50 per unit (each warrant will entitle the holder to purchase one common share at any time prior to Dec. 31, 1957 at $2 per share). **Proceeds**—To repay mortgages, to $1,312,500 of five-year 6% sinking fund debentures, and for further acquisitions and working capital. **Underwriter**—To be named by amendment.

Doctors Oil Corp., Carrollton, Tex.
Feb. 23 filed 500,000 shares of common stock (par 10 cents). **Price** — $1 per share. **Proceeds** — For working capital, to be devoted mainly to acquiring, exploring, developing and operating oil and gas properties; and to pay off $13,590.80 liabilities. **Underwriter** — James C. McKeever & Associates, Oklahoma City, Okla.

Douglas Corp., Fort Collins, Colo.
July 27 filed 4,000,000 shares of common stock (par one cent). **Price** — 10 cents per share. **Proceeds** — For exploration, development and acquisition of properties and for working capital. **Underwriter**—Columbia Securities Co., Denver, Colo.

★ **Douglas Oil Co. of California (10/4)**
Sept. 17 filed $3,500,000 of debentures due 1968, with warrants to purchase 350,000 shares of $1 par value common stock. **Price**—100% of principal amount. **Proceeds** — Approximately $1,200,000 to retire outstanding 5% secured notes; $1,000,000 for repayment of short-

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NEW ISSUE CALENDAR

September 20 (Thursday)

Missouri Pacific RR.________________**Equip. Trust Ctfs.**
(Bids noon EDT) $2,700,000

September 21 (Friday)

American Insurance Co.________________**Capital**
(Exchange offer—Kidder, Peabody & Co. will be dealer-manager) 1,750,000 shares

Ziegler Coal & Coke Co.________________**Common**
(Tucker, Anthony & Co.) $225,000

September 24 (Monday)

Century Food Markets Co.____**Debentures & Com.**
(H. M. Byllesby & Co., Inc.) $2,000,000 of debentures and 40,000 shares of stock

Devall Land & Marine Construction Co., Inc.__Com.
(Vickers Brothers) $300,000

General Guaranty Insurance Co.________**Common**
(Offering to stockholders—underwritten by Grimm & Co.) $299,950

Kusan, Inc. ________________________**Common**
(Clark, Landstreet & Kirkpatrick, Inc.) $583,120

September 25 (Tuesday)

Metal Hydrides, Inc.____________________**Common**
(Offering to stockholders—underwritten by White, Weld & Co.) 85,266 shares

Virginia Electric & Power Co.______________Bonds
(Bids 11 a.m. EDT) $20,000,000

Western Maryland Ry.__________**Equip. Trust Ctfs.**
(Bids to be invited) about $4,800,000

● **September 26 (Wednesday)**

Allentown Portland Cement Co.__**Class A Common**
(Kuhn, Loeb & Co.) 200,000 shares

Atlas Sewing Centers, Inc.______________**Common**
(R. S. Dickson & Co.) 180,000 shares

First National Bank of Atlanta, Ga.____**Common**
(Offering to stockholders—underwritten by Robinson-Humphrey Co., Inc.; Merrill Lynch, Pierce, Fenner & Beane; and Courts & Co.) $7,000,000

General Telephone Co. of Indiana, Inc.__**Preferred**
(Offer of exchange—Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp. are dealer-managers) 95,000 shares

Peabody Coal Co.__________________**Debentures**
(The First Boston Corp.) $35,000,000

Walt Disney Productions______________**Debentures**
(Kidder, Peabody & Co.) $7,500,000

September 27 (Thursday)

Anheuser-Busch, Inc.____________________**Common**
(Lee Higginson Corp.) 328,723 shares

Inter-Mountain Telephone Co.____________**Common**
(Offering to stockholders—156,672 shares to be underwritten by Courts & Co.) $2,850,000

September 28 (Friday)

Goal Seal Dairy Products Corp. ____**Class A Stock**
(All States Securities Dealers, Inc.) $1,000,000

Republic Cement Corp.__________________Common
(Vickers Brothers) $9,650,000

October 1 (Monday)

Barium Steel Corp.____________________**Debentures**
(Lee Higginson Corp. and Allen & Co.) $6,500,000

Johns-Manville Corp. ___________________**Common**
(Offering to stockholders—underwritten by Morgan Stanley & Co.) about 650,000 shares

Long Island Lighting Co.________________**Preferred**
(Offering to common stockholders—to be underwritten by Blyth & Co., Inc.; The First Boston Corp. and W. C. Langley & Co.) $18,000,000

Madison Gas & Electric Co.______________**Common**
(Offering to stockholders—no underwriting) 68,334 shares

Racine Hydraulics & Machinery, Inc.
Preferred & Common
(Loewi & Co.) 15,000 pfd. shares and 35,000 common shares

United Cuban Oil, Inc.__________________**Common**
(S. D. Fuller & Co.) $2,500,000

October 2 (Tuesday)

American Telephone & Telegraph Co.____**Common**
(Offering to stockholders—no underwriting) about $580,000,000

Bahamas Helicopters, Ltd.______________**Common**
(Blair & Co. Incorporated) 300,000 shares

Brush Beryllium Co.____________________**Common**
(Offering to public and to stockholders—underwritten by Kuhn, Loeb & Co. and McDonald & Co.) $4,000,000

Four Wheel Drive Auto Co.____________**Debentures**
(A. C. Allyn & Co., Inc.) $1,500,000

Seaboard Air Line RR.__________**Equip. Trust Ctfs.**
(Bids noon EDT) $4,650,000

Storer Broadcasting Co.________________**Common**
(Reynolds & Co.) 200,000 shares

Transcontinental Gas Pipe Line Corp.___**Common**
(Offering to stockholders—to be underwritten by White, Weld & Co. and Stone & Webster Securities Corp.) 441,250 shares

October 3 (Wednesday)

Columbia Gas System, Inc.______________Debentures
(Bids 11 a.m. EDT) $25,000,000

Marsh Steel Co.__________**Debentures & Common**
(Cruttenden & Co. and The First Trust Co. of Lincoln) $700,000 debentures and 135,000 shares of stock

October 4 (Thursday)

Douglas Oil Co. of California________**Debentures**
(Shearson, Hammill & Co.) $3,500,000

National Newark & Essex Banking Co. of Newark ________________________**Common**
(Offering to stockholders—underwritten by Merrill Lynch, Pierce, Fenner & Beane) 55,000 shares

Virginian Ry. ________________**Equip. Trust Ctfs.**
(Bids noon EDT) $3,600,000

October 8 (Monday)

Southern Bell Telephone & Telegraph Co. ___________________________**Debentures**
(Bids to be invited) $60,000,000

October 9 (Tuesday)

California Electric Power Co.________________**Bonds**
(Bids to be invited) $8,000,000

Gardner-Denver Co. ___________________**Debentures**
(Hornblower & Weeks and A. G. Becker & Co. Inc.) $10,000,000

October 10 (Wednesday)

Fansteel Metallurgical Corp. __________**Debentures**
(Hallgarten & Co.) $3,000,000

Lieberknecht, Inc. ______________________**Common**
(Bids 11 a.m. EDT) 158,025 shares

Seaboard Finance Co.______________________**Notes**
(The First Boston Corp.) $15,000,000

Underwood Corp. ____________________**Debentures**
(Lehman Brothers)

October 11 (Thursday)

Blackstone Valley Gas & Electric Co.___**Preferred**
(Bids 11 a.m. EDT) $2,500,000

October 15 (Monday)

Centers Corp. ____________**Debentures & Common**
(Blair & Co. Incorporated) $8,000,000

October 16 (Tuesday)

Carolina Power & Light Co.______________**Common**
(Merrill Lynch, Pierce, Fenner & Beane and R. S. Dickson & Co., Inc.) 500,000 shares

Public Service Co. of Indiana, Inc.__________**Bonds**
(Bids to be invited) $30,000,000

October 23 (Tuesday)

Central Illinois Public Service Co.______**Common**
(Bids to be invited) 170,000 shares

Consolidated Edison Co. of New York, Inc.__**Bonds**
(Bids to be invited) $40,000,000

October 30 (Tuesday)

Ohio Power Co.____________________________**Bonds**
(Bids 11 a.m. EDT) $28,000,000

Ohio Power Co.________________________**Preferred**
(Bids 11 a.m. EDT) $6,000,000

November 1 (Thursday)

Mobile Gas Service Corp.________________**Common**
(Offering to stockholders—no underwriting) 30,000 shares

National Bank of Detroit________________**Common**
(Offering to stockholders—to be underwritten by Morgan Stanley & Co.) 263,400 shares

November 14 (Wednesday)

Public Service Electric & Gas Co.__________**Bonds**
(Bids 11 a.m. EST) $50,000,000

November 27 (Tuesday)

Carolina Power & Light Co.__________________**Bonds**
(Bids to be invited) $15,000,000

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term bank loans; $850,000 for construction of a unifying unit and a topping unit; and $350,000 for operating capital. **Underwriter** — Shearson, Hammill & Co., New York.

Dow Chemical Co., Midland, Mich.
Aug. 27 filed 150,000 shares of common stock (par $5) to be offered for subscription by employees of the company and certain subsidiaries and associated companies. **Price**—To be supplied by amendment. **Proceeds**—For expansion, etc. **Underwriter**—None.

Duro Consolidated, Inc.
Aug. 28 (letter of notification) $200,000 of 6% convertible debentures to be offered to stockholders of record Aug. 15, 1956. **Price**—At par (in denominations of $100 each). **Proceeds** — For acquisition of factory equipment, note payable and expension. **Office**—18th Ave. and Edison Way, Redwood City, Calif. **Underwriter** —None.

Eastern-Northern Explorations, Ltd., Toronto, Canada
June 4 (regulation "D") 500,000 shares of common stock (par $1). **Price**—60 cents per share. **Proceeds**—For general corporate purposes. **Underwriter** — Foster-Mann, Inc., New York.

★ **Economy Auto Stores, Inc.**
Sept. 13 (letter of notification) 22,000 shares of common stock (par $1). **Price**—$10 per share. **Proceeds** — For additional capital. **Office**—1130 Bankhead Ave., N. W., Atlanta, Ga. **Underwriters**—Courts & Co.; Clement A. Evans & Co., Inc.; Johnson, Lane, Space & Co., Inc.; J. W. Tindall & Co.; and Wyatt, Neal & Waggoner, all of Atlanta, Ga.

● **Fansteel Metallurgical Corp. (10/10)**
Sept. 11 filed $3,000,000 of subordinated debentures due Oct. 1, 1976. **Price** — To be supplied by amendment. **Proceeds**—Together with bank loan, for construction of new tantalum-columbium facilities at Muskogee, Okla. **Underwriter**—Hallgarten & Co., New York.

★ **Fayson Lake Community, Inc.**
Sept. 18 (letter of notification) 3,000 shares of common stock (no par). **Price**—$50 per share. **Proceeds**—To purchase properties and for working capital. **Office** — 24 Commerce St., Newark, N. J. **Underwriter**—None.

★ **Finance Enterprises. Inc.**
Sept. 11 (letter of notification) 6,000 mortgage units. **Price**—$50 per unit. **Proceeds** — For working capital. **Office**—Ford Law Bldg., 11 N. 2nd Ave., Phoenix, Ariz. **Underwriter**—None.

● **First National Mutual Fund, Inc.**
June 27 filed 50,000 shares of common stock (par $1), of which 10,000 shares are to be offered for sale at $10 per share to not more than 25 people, whereupon the company will declare itself an open-end investment company and change the offering price of the remaining 40,000 shares to net asset value plus a distributing charge. **Investment Adviser**—First National Investment Corp., San Francisco, Calif. **Underwriter**—First National Securities Co., same city, of which Wiley S. Killingsworth is President. Statement effective Sept. 12.

★ **Food Mart, Inc., El Paso, Texas**
Sept. 18 filed 90,337 shares of common stock (par $2) to be offered for subscription by common stockholders of record Oct. 9, 1956 at the rate of one new share for each eight shares held; rights to expire on Oct. 23, 1956. **Price**—To be supplied by amendment. **Proceeds**—For expansion, equipment and working capital. **Underwriter** —Shearson, Hammill & Co., New York.

★ **Fort Delaware, Inc.**
Sept. 10 (letter of notification) 200 shares of common stock. **Price**—At par ($50 per share). **Proceeds**—For capital improvements. **Office** — Narrowsburg, N. Y. **Underwriter**—None.

● **Four Wheel Drive Auto Co. (10/2)**
Sept. 12 filed $1,500,000 of convertible debentures due Oct. 1, 1971. **Price** — To be supplied by amendment. **Proceeds**—$130,058 to retire 4½% sinking fund debentures due July 1, 1957; and for expansion program and working capital. **Underwriter**—A. C. Allyn & Co., Inc., Chicago, Ill.

★ **Gardner-Denver Co., Quincy, Ill. (10/9-10)**
Sept. 18 filed $10,000,000 of convertible subordinated debentures due Oct. 1, 1976. **Price**—To be supplied by amendment. **Proceeds**—To repay bank loans ($4,500,000 at June 30, 1956) and for working capital. **Business**—Rock drills and air tools, air compressors, pumps and portable pneumatic tools. **Underwriters**—Hornblower & Weeks, New York, and A. G. Becker & Co., Inc., Chicago, Ill.

Gas Hills Mining and Oil, Inc.
Jan. 4 (letter of notification) 1,200,000 shares of common stock (par five cents). **Price** — 25 cents per share **Proceeds**—For expenses incident to mining operations **Office**—Kemmerer, Wyo. **Underwriter**—Philip Gordon & Co., Inc., New York 6. N. Y.

Genco Oil Co., Inc.
Aug. 24 (letter of notification) 55,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For oil development expenses. **Office** — 1907 Broadway Ave., Scottsbluff, Neb. **Underwriter** — Edward C. Colling, Scottsbluff, Neb.

General Credit, Inc., Washington, D. C.
Aug. 17 filed $2,000,000 of 6% subordinated sinking fund debentures, due Sept. 1, 1971, with detachable warrants to purchase 160,000 shares of participating preference stock, to be offered in units of $500 of debentures and 40 warrants. **Price**—$500 per unit. **Proceeds**—For expansion and working captal. **Underwriter** — None named. Offering to be made through selected dealers.

General Guaranty Insurance Co. (9/24)
Aug. 24 (letter of notification) 42,850 shares of common stock (par $2.50) to be offered to stockholders about Sept. 24; rights to expire Oct. 12. **Price**—$7 per share. **Proceeds**—For general corporate purposes. **Office**—Winter Park, Fla. **Underwriter**—Grimm & Co., New York.

● **General Telephone Co. of Indiana, Inc. (9/26)**
Sept. 6 filed 95,000 shares of $2.50 preferred stock (no par) to be offered in exchange for outstanding 5% cumulative prefererd stock, series A, of Home Telephone & Telegraph Co. and Citizens Independent Telephone Co. on the basis of one share of General preferred plus $2 in cash for each share of Home preferred, and one share of General preferred plus $2.50 in cash for each Citizens preferred share. The exchange offer is part of proposed plan of merger of Home and Citizens into General. Offer will expire on Oct. 11. **Dealer-Managers**—Paine, Webber, Jackson & Curtis and Stone & Webster Securities Corp.

General Tire & Rubber Co., Akron, Ohio
July 27 filed 26,068 shares of $5 cumulative preference stock (par $100) to be offered in exchange for common stock and 6% promissory notes of Carlon Products Corp. The exchange offer will be subject to acceptance by owners of all of the outstanding $1,060,000 notes and by not less than 39,400 of the 68,837 shares of Carlon stock. **Underwriter**—None.

General Uranium Corp. (N. J.), New York
Jan. 18 filed 400,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For plant facilities, survey of property and underground development **Underwriter**—None. Maurice Schack, Middletown, N. Y. is President. Statement effective March 11.

Gold Mountain Lodge, Inc., Durango, Colo.
Aug. 23 filed 5,000 shares of class A voting common stock (par $1), 295,000 shares of class B non-voting common stock (par $1), and $700,000 of 4% debentures due Dec. 31, 1975, to be offered for sale in the States of Texas and Colorado in units of 50 shares of class A stock, 2,950 shares of class B stock and one $7,000 debenture. **Price**—$10,000 per unit. **Proceeds**—For purchase of property, remodeling of present main building, for new construction and working capital. **Business**—Operates year-round resort hotel. **Underwriter**—None.

Gold Seal Dairy Products Corp. (9/28)
June 22 filed 200,000 shares of class A stock (par 10 cents). **Price**—$5 per share. **Proceeds**—For expansion and to repay outstanding obligations. **Office**—Remsen, N. Y. **Underwriter**—All States Securities Dealers, Inc., New York.

Growers Container Corp., Salinas, Calif.
May 28 filed 600,000 shares of common stock (par $1) to be offered primarily to individuals and firms who are engaged in or closely allied to the growing and shipping industry. **Price**—$3 per share. **Proceeds**—For working capital, capital expenditures and other corporate purposes. **Underwriter**—None.

★ **Growth Industry Shares, Inc., Chicago, Ill.**
Sept. 17 filed (by amendment) 200,000 additional shares of capital stock (par $1). **Price**—At market. **Proceeds**—For investment.

Gunkelman (R. F.) & Sons, Fargo, N. D.
May 25 (letter of notification) 1,800 shares of 5% cumulative preferred stock (par $100). **Price**—$98 per share. **Proceeds** — For expenses incident to commercial grain business. **Underwriter**—W. R. Olson Co., Fargo, N. D.

Hard Rock Mining Co., Pittsburgh, Pa.
Feb. 20 (letter of notification) 1,000,000 shares of common stock (par one cent). **Price**—Five cents per share. **Proceeds**—To purchase machinery and equipment and for working capital. **Office** — 377 McKee Place, Pittsburgh, Pa. **Underwriter**—Graham & Co., Pittsburgh, Pa.

Hidden Dome Exploration Co., Inc.
May 15 (letter of notification) 3,000,000 shares of capital stock. **Price**—At par (10 cents per share). **Proceeds**—For the development of oil and gas properties. **Office**—219 E. Fremont Ave., Las Vegas, Nev. **Underwriter**—National Securities Co., Las Vegas, Nev.

Holden Mining Co., Winterhaven, Calif.
April 13 (letter of notification) 250,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Address** — P. O. Box 308, Winterhaven, Calif. **Underwriter**—Arthur B. Hogan, Inc., Hollywood, Calif.

Hydrometals, Inc., Chicago, Ill.
Aug. 10 filed 78,275 shares of capital stock (par $2.50) and rights to subscribe to an additional 391,375 shares (exercisable over a five-year period at $13 per share). Of the total, 77,500 shares, plus rights to purchase an additional 387,500 shares, are to be offered in exchange for the license rights and assets of Hayden Projects, Inc., and the remaining 775 shares, plus rights to buy an additional 3,875 shares, are to be issued to Cady, Roberts & Co., New York City, as a fee for its services with such transaction.

Illinois Bell Telephone Co.
Aug. 10 filed 580,531 shares of capital stock being offered for subscription by stockholders of record Aug. 31, 1956, on the basis of one new share for each eight shares held; rights to expire on Sept. 28, 1956. **Price**—At par ($100 per share). **Proceeds**—To repay advances from parent, American Telephone & Telegraph Co., which owns 4,612,578 shares (99.32%) of Illinois company's stock. **Underwriter**—None.

★ **Imperial Packing Corp.**
Sept. 10 (letter of notification) 290,000 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—To discharge indebtedness, acquisition of additional equipment and working capital. **Office**—408 South Atchison St., Anaheim, Calif. **Underwriter**—None.

Inter-Mountain Telephone Co. (9/27)
Sept. 6 filed 285,000 shares of common stock (par $10) to be offered for subscription by common stockholders of record Sept. 26 in the ratio of two new shares for each five shares held; rights to expire on Oct. 12. **Price** —$10 per share. **Proceeds**—To repay bank loans and for additions and improvements to property. **Office**—Bristol, Tenn. **Underwriter**—Courts & Co., Atlanta, Ga., will underwrite 156,672 shares.

International Basic Metals, Inc.
Jan. 27 (letter of notification) 1,000,000 shares of common stock (par 10 cents). **Price** — 25 cents per share. **Proceeds**—For mining expenses. **Office**—155 West South Temple St., Salt Lake City, Utah. **Underwriter**—Melvin G. Flegal & Co., Salt Lake City, Utah.

International Shipbuilding Corp.
Aug. 9 (letter of notification) 100,000 shares of common stock (par 50 cents). **Price**—$2 per share. **Proceeds**—For general corporate purposes. **Business**—Manufactures outboard cruisers. **Office**—471 N. E. 79th Street. Miami, Fla. **Underwriter**—Atwill & Co., Miami Beach, Fla.

Investment Corp. of Florida
Aug. 24 filed $515,000 of $60 cumulative preferred stock to be offered in units of $1,000 each and 5,150 shares of common stock to be offered to purchasers of preferred stock at 10 cents per share at rate of ten shares for each preferred share bought. **Proceeds**—For working capital. **Office**—Fort Lauderdale, Fla. **Underwriter**—None.

● **Investment Life & Trust Co., Mullins, S. C.**
July 9 filed 1,800,000 shares of common stock (par $1), of which 1,200,000 shares are to be offered publicly and 600,000 shares on exercise of options. **Price**—$2 per share to public. **Proceeds**—To be added to general operating funds to enable the company to maintain proper insurance reserves required by law. **Underwriter**—None. Statement effective Sept. 7.

● **Isthmus Steamship & Salvage Co., Inc.**
May 4 (letter of notification) 100,000 shares of common stock (par 10 cents). **Price**—$3 per share. **Proceeds**—For working capital and for purchase of a ship and equipment. **Office**—1214 Ainsley Bldg., Miami, Fla. **Underwriter**—Foster-Mann, Inc., New York, N. Y. **Offering**—Has been withdrawn.

★ **J-T-J Co., Inc.**
Sept. 11 (letter of notification) 60,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For further expansion of business. **Office** — 3116 W. Davis, Dallas, Tex. **Underwriter**—None.

Joa Co.
July 27 (letter of notification) 110,000 shares of common stock (par 20 cents). **Price**—$2.50 per share. **Proceeds** —For sales promotions and operating capital. **Office**—411 No. Scenic Highway, Lake Wales, Fla. **Underwriter** —Anderson Cook Co., Inc., Palm Beach, Fla.

★ **Johns-Manville Corp. (10/1)**
Sept. 12 filed a maximum of 650,000 shares of common stock (par $5) to be offered for subscription by common stockholders of record Sept. 28, 1956 at the rate of one new share for each 10 shares held; rights to expire on Oct. 17. **Price**—To be supplied by amendment. **Proceeds** —For plant expansion and improvements, working capital and other corporate purposes. **Underwriter**—Morgan Stanley & Co., New York.

Johnson-Carper Furniture Co., Inc.
Aug. 22 (letter of notification) 27,000 shares of common stock (par $5) to be offered for subscription by stockholders. **Price**—$10 per share. **Proceeds**—to repay bank loans and for working capital. **Office**—Riley Road, N. E., Roanoke, Va. **Underwriters**—Mason-Hagan, Inc., Roanoke, Va.; and Strader, Taylor & Co., Inc., Lynchburg, Va.

Kerr Income Fund, Inc., Los Angeles, Calif.
July 30 filed 100,000 shares of capital stock (par $1), of which 9,300 shares will be initially sold at $10.98 per share. Additional shares will be offered at a price equal to the net asset value of the Fund, plus a sales load of 8½% of such price. **Proceeds**—For investment. **Investment Manager** — California Fund Investment Co., of which John Kerr is also President.

★ **Kinney Loan & Finance Co.**
Sept. 11 (letter of notification) $150,000 of 6% sinking fund capital debentures, series A, due Sept. 1, 1971. **Price** —At par in denominations of $1,000 each. **Proceeds**—For working capital. **Office** — 911 Tenth St., Greeley, Colo. **Underwriter**—Wachob-Bender Corp., of Omaha and Lincoln, Neb.

Knox Corp., Thomson, Ga.
June 20 filed 150,000 shares of class A common stock (par $1). **Price**—To be supplied by amendment (expected at $4 per share). **Proceeds**—To pay loans from banks and factors; and for working capital and other corporate purposes. **Business**—Prefabricated homes, house trailers and lumber. **Underwriter**—Ira Haupt & Co., New York.

Kusan, Inc., Nashville, Tenn. (9/24-28)
Aug. 29 filed 116,624 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To reduce debt, for new tooling and equipment and working capital. **Business**—Manufacturer of toys, electric trains and various custom plastic items. **Underwriter**—Clark, Landstreet & Kirkpatrick, Inc., Nashville, Tenn.

Lewisohn Copper Corp.
March 30 filed 100,000 shares of common stock (par 10 cents). **Price**—To be supplied by amendment. **Proceeds**—For exploration and evaluation of leasehold properties, improvements, equipment and for general corporate purposes. **Office**—Tucson, Ariz. **Underwriter**—George F. Breen, New York. **Offering**—Postponed.

Lincoln Associates, New York
Aug. 31 filed $2,100,000 of 4% notes due Nov. 1, 1971 and $1,400,000 of limited partnership interests, to be offered in units of a $60,000 note and a capital contribution of $40,000. **Price**—$100,000 per unit. **Proceeds**—For purchase price of hotel; and for improvements, etc. **Underwriter**—None.

Lithium Developments, Inc., Cleveland, Ohio
June 21 filed 600,000 shares of common stock (par 10 cents), of which 600,000 shares are to be sold for account of the company and 90,000 shares for selling stockholders. **Price**—$1 per share, by amendment. **Proceeds**—For exploration and development and other general corporate purposes. **Underwriter**—George A. Searight, New York City.

● **Long Island Lighting Co. (10/1)**
April 5 filed 120,000 shares of cumulative preferred stock, series G (par $100) (on Aug. 29 company announced it now plans issuance of 180,000 shares of cumulative convertible preferred stock, to be first offered for subscription by common stockholders of record Sept. 28, 1956, at rate of one preferred share for each 38 shares of common stock held); rights to expire on Oct. 15. **Price**—At par ($100 per share). **Proceeds**—To repay bank loans. **Underwriters**—Blyth & Co., Inc., The First Boston Corp. and W. C. Langley & Co., all of New York.

★ **Luau, Inc.**
Aug. 24 (letter of notification) $225,000 face amount of five-year 6% promissory notes and 2,500 shares of common stock (par $10) to be offered in units of one share of common and one note in the face amount of $90. **Price**—$100 per unit. **Proceeds**—For construction and operation of a Polynesian type restaurant and bar. **Office**—Suite 212, Professional Bldg., 425 Fremont St., Las Vegas, Nev. **Underwriter**—None.

Macimiento Uranium Mining Corp.
July 31 (letter of notification) 1,000,000 shares of common stock (par one cent). **Price**—20 cents per share. **Proceeds**—For current liabilities, exploration, administrative expenses and working capital. **Office** — Kimo Bldg., Albuquerque, N. M. **Underwriter**—Carroll & Co., Denver, Colo.

Macinar, Inc.
July 23 (letter of notification) 400,000 shares of common stock (par 50 cents). **Price**—75 cents per share. **Proceeds**—For general corporate purposes. **Business** — Manufactures steel and aluminum specialty products. **Underwriter**—C. J. Montague, Inc., 15 William Street, New York 17, N. Y.

● **Madison Gas & Electric Co., Madison, Wis. (10/1)**
Sept. 10 filed 68,334 shares of common stock (par $16) to be offered for subscription by common stockholders of record Oct. 1, 1956 on the basis of one new share for each five shares held; rights to expire Oct. 24. **Price**—To be supplied by amendment. **Proceeds**—For construction program. **Underwriter**—None.

Mammoth Milling & Uranium Co., Inc.
May 11 (letter of notification) 3,000,000 shares of capital stock. **Price**—At par (10 cents per share). **Proceeds**—For mining expenses. **Office**—205 Carlson Bldg., Pocatello, Idaho. **Underwriter**—Columbia Securities Co., Inc. of California, Beverly Hills, Calif.

★ **Marsh Steel Corp., No. Kansas City, Mo.**
Sept. 13 filed $300,000 of 5½% series debentures due 1957 to 1962 to be offered in exchange for outstanding 5% series A debentures, with a cash adjustment for interest accrued on the outstanding debentures. **Price**—100% of principal amount. **Underwriter**—The First Trust Co., of Lincoln, Neb.

★ **Marsh Steel Corp., No. Kansas City, Mo. (10/3)**
Sept. 13 filed $700,000 of 5½% convertible sinking fund debentures due 1966 and 135,000 shares of common stock (par $1). **Price**—To be supplied by amendment. **Proceeds**—For equipment, to finance inventory and accounts receivable, for advances to subsidiaries, and for working capital. **Underwriters** — The First Trust Co. of Lincoln, Neb.; Cruttenden & Co., Chicago, Ill.; Boettcher & Co., Denver, Colo.; and Barret, Fitch, North & Co. and Burke & MacDonald, Inc., both of Kansas City, Mo.

Mascot Mines, Inc.
July 9 (letter of notfication) 280,000 shares of common stock (par 17½ cents). **Price**—25 cents per share. **Proceeds**—For payment on properties; repayment of advances; exploration and development and working capital. **Office**—508 Peyton Bldg., Spokane, Wash. **Underwriter**—Standard Securities Corp., Spokane, Wash.

Matador Oil Co.
Aug. 24 (letter of notification) 120,000 shares of common stock (par $1). **Price**—$2.50 per share. **Proceeds**—For development of oil and gas. **Office**—130 South Fourth St., Las Vegas, Nev. **Underwriter**—Mountain States Securities Corp., same city.

● **Metal Hydrides, Inc., Beverly, Mass. (9/25)**
Aug. 23 filed 85,266 shares of common stock (par $5) to be offered for subscription by common stockholders of record about Sept. 25 on the basis of one new share for each three shares held; rights to expire on or about Oct. 9. **Price**—To be supplied by amendment. **Proceeds**—For construction of plant and working capital. **Business**—Hydrides of calcium, lithium, potassium and sodium, etc. **Underwriter**—White, Weld & Co., New York.

● **Mica Corp. of America**
Aug. 24 (letter of notification) 403,280 shares of common stock (par one cent). **Price**—50 cents per share. **Proceeds**—For mining expenses. **Office**—Room 104, Clark County Court House, Las Vegas, Nev. **Underwriter**—None.

Michigan Wisconsin Pipe Line Co.
July 2 filed $25,000,000 of first mortgage pipe line bonds due 1976. **Proceeds**—To pay off short term bank loans and for construction program. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Blyth & Co., Inc. **Bids**—Three bids were received on Aug. 1, all for 4¾s, but were turned down. No new date for bids has been set.

★ **Middle South Utilities, Inc., New York**
Sept. 18 filed $200,000 of participations in company's stock purchase plan for eligible employees of company and its subsidiaries.

Minerals, Inc., New York
June 22 filed 2,500,000 shares of common stock (par one cent). **Price**—$1.50 per share. **Proceeds**—To acquire for $2,400,000 the Chavin lead-zinc-copper-silver mine located in South Central Peru, and for general corporate purposes. **Underwriter** — Gearhart & Otis, Inc., New York. **Offering**—Postponed.

Mission Appliance Corp. of Mississippi
April 23 (letter of notification) 7,475 shares of preferred stock (par $20) and 29,900 shares of common stock (par $5) to be offered in units of one preferred and four common shares. **Price**—$40 per unit. **Proceeds** — For purchase of machinery and equipment. **Office**—New Albany, Miss. **Underwriter**—Lewis & Co., Jackson, Miss.

Mormon Trail Mining Corp., Salt Lake City, Utah
Feb. 9 (letter of notification) 3,000,000 shares of capital stock (par one cent). **Price**—10 cents per share. **Proceeds**—For mining expenses. **Office**—223 Phillips Petroleum Bldg., Salt Lake City, Utah. **Underwriter**—Frontier Investment, Inc., Las Vegas, Nev.

★ **Morton Portland Corp., Portland, Me.**
Sept. 14 29,400 shares of class B stock (par $1). **Price**—$10 per share. **Proceeds** — To pay trade accounts and notes payable, and for research and development of equipment and machinery. **Underwriter**—None.

★ **Motor Credit Co., Inc., Dunn, N. C.**
Sept. 13 (letter of notification) $100,000 of 6% series C investors income certificates to mature one year from date of issuance. **Price**—At face amount. **Proceeds**—To redeem series A certificates as these mature. **Underwriter**—None.

National By-Products, Inc.
June 19 (letter of notification) 2,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—To pay Federal estate taxes. **Office**—800 Bankers Trust Bldg., Des Moines, Iowa. **Underwriter**—T. C. Henderson & Co., Inc., Des Moines, Iowa.

National Old Line Insurance Co.
Nov. 15, 1955 filed 50,000 shares of class A common stock (par $2) and 50,000 shares of class B common stock (par $2). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office** — Little Rock, Ark. **Underwriter** — Equitable Securities Corp., Nashville, Tenn., and New York, N. Y. **Offering** — Indefinitely postponed.

National Pool Equipment Co.
Aug. 23 filed 200,000 shares of common stock (par $1). **Price** — $3 per share. **Proceeds** — For machinery and equipment for a new plant which is being erected for the company in Florence, Ala.; to retire bank loans and for working capital. **Business**—Manufactures and sells component parts of swimming pools and related equipment. **Office**—Birmingham, Ala. **Underwriters**—Mid-South Securities Co. and Clark, Landstreet & Kirkpatrick, Inc., both of Nashville, Tenn. **Offering**—Expected this week.

● **National Sugar Refining Co.**
Aug. 24 filed 94,803 shares of capital stock (no par) being offered for subscription by stockholders of record Sept. 13 at the rate of one new share for each six shares held; rights to expire on Oct. 1. **Price**—$30 per share. **Proceeds**—For working capital and other corporate purposes. **Underwriter**—Morgan Stanley & Co., New York.

New England Telephone & Telegraph Co.
Aug. 3 filed 613,010 shares of capital stock being offered for subscription by stockholders at the rate of one new share for each five shares held as of Aug. 29; with rights to expire on Sept. 28. American Telephone & Telegraph Co. owns 69.26% (2,122,842 shares) of outstanding stock. **Price**—At par ($100 per share). **Proceeds**—To repay temporary borrowings. **Underwriter**—None.

Niagara Uranium Corp., Salt Lake City, Utah
April 3 (letter of notification) 2,400,000 shares of common stock (par 3⅓ cents). **Price**—10 cents per share. **Proceeds** — For mining expenses. **Office** — 345 South State St., Salt Lake City, Utah. **Underwriter**—Birkenmayer & Co., Denver, Colo.

North American Aviation, Inc.
Aug. 6 filed 1,145,011 shares of capital stock (par $1) being offered for subscription by stockholders of record Sept. 7, 1956 at the rate of one new share for each six shares held; rights to expire on Sept. 24. **Price**—$38 per share. **Proceeds**—For capital expenditures. **Underwriter**—Morgan Stanley & Co., New York.

North American Finance Co., Phoenix, Ariz.
July 9 filed 500,000 shares of class B non-voting common stock (par $1). **Price**—$3 per share. **Proceeds**—To expand business operations. **Underwriter**—None, sales are to be made by Eugene M. Rosenson, President, of Pheonix, and Marcus T. Baumann, Vice-President and Treasurer, of Tucson, Ariz.

North Carolina Telephone Co.
July 24 filed 828,572 shares of common stock (par $1) to be offered for subscription by common stockholders at the rate of two shares for each share held; rights to expire 15 days following effective date of registration. **Price** — To be supplied by amendment. **Proceeds** — To acquire physical properties and franchises of the Norwood and Marshville (N. C.) exchanges of the United Telephone Co. of the Carolinas, Inc.; to reduce short term indebtedness; for construction and modernization program; and for working capital. **Underwriters**—R. S. Dickson & Co., Inc., Charlotte, N. C. and McCarley & Co., Inc., Ashville, N. C. **Offering**—Expected momentarily.

★ **North Pittsburgh Telephone Co.**
Sept. 12 (letter of notification) 6,000 shares of common stock to be offered to holders of common stock of record of Sept. 15, 1956 on the basis of one new share for each four shares held. **Price**—At par ($25 per share). **Proceeds**—To reduce demand note. **Address**—Gibsonia, Allegheny County, Pa. **Underwriter**—None.

Oxford Loan Co., Philadelphia, Pa.
Sept. 4 (letter of notification) $250,000 of 6% 10-year renewable debentures due Sept. 20, 1966. **Proceeds**—To increase loan volume. **Office**—2233 North Broad St., Philadelphia, Pa. **Underwriter**—Walnut Securities Corp., Philadelphia, Pa.

Pacific Finance Corp. (Calif.)
April 10 filed $25,000,000 of debentures due 1971. **Price**—To be supplied by amendment. **Proceeds**—For reduction of short-term bank loans. **Underwriters**—Blyth & Co., Inc., and Hornblower & Weeks. **Offering**—Indefinitely postponed.

Pacific Telephone & Telegraph Co.
July 27 filed 1,562,267 shares of common stock being offered for subscription by common and preferred stockholders of record Aug. 29, 1956 in the ratio of one share for each six shares (common and/or preferred stock) held; rights to expire on Sept. 28. American Telephone & Telegraph Co., the parent, owns 90.70% of the outstanding common stock and 78.17% of the preferred stock, and intends to purchase 1,399,824 shares of the new stock which represents its pro rata portion of the offering. **Price**—At par ($100 per share). **Proceeds**—To repay temporary borrowings and for new construction. **Underwriter**—None.

★ **Pan-Coastal Life Insurance Co.**
Aug. 24 (letter of notification) 33,017 shares of common stock (par $1). **Price**—$8.25 per share. **Proceeds**—To pay cost of writing and acquiring additional insurance business. **Office**—59 St. Joseph St., Mobile, Ala. **Underwriter**—None.

Pari-Mutuel Equipment Corp.
Aug. 24 (letter of notification) 60,000 shares of common stock (par $1). **Price**—$5 per share. **Proceeds**—For construction of 250 race ticket machines; for purchase of 40 machines for issuance of semi-blank race tickets; and for working capital and general corporate purposes. **Office**—527 Madison Avenue, New York 17, N. Y. **Underwriter**—Wistor R. Smith & Co., 40 East 54th Street, New York 22, N. Y.

Peabody Coal Co. (9/26)
Sept. 4 filed $35,000,000 of sinking fund debentures due 1976. **Price**—To be supplied by amendment. **Proceeds**—For retirement of certain outstanding funded debt (approximately $28,000,000) and for general corporate purposes. **Underwriter**—The First Boston Corp., New York.

Policy Advancing Corp.
Aug. 31 (letter of notification) $240,000 of 6% subordinated convertible debentures due Sept. 1, 1966 (each $10 principal amount being convertible into one share of common stock) to be offered for subscription by stockholders on the basis of $10 of debentures for each share held (with an oversubscription privilege). **Price**—At par. **Proceeds**—To retire $16,700 of outstanding debentures and for working capital. **Office**—27 Chenango St., Binghamton, N. Y. **Underwriter**—None.

Poor & Co., Chicago, Ill.
Aug. 23 filed 213,175 shares of common stock (par $10) being offered for subscription by class A and common stockholders on the basis of two shares of new stock for each five shares of class A or common stock held Sept. 12; rights to expire on Sept. 26. **Price** — $31 per share. **Proceeds**—To retire all outstanding class A shares and about $1,500,000 outstanding debentures; also for working capital. **Business**—Supplies for maintenance-of-way and mechanical fields; also equipment for the highway construction industry and for the aggregate processing and mining industries. **Underwriter**—Bache & Co., New York.

★ **Production Research Corp.**
Sept. 11 (letter of notification) 38,136 shares of capital stock (par 10 cents) of which up to 6,000 shares will be offered to employees as compensation. **Price**—$3.33⅓ per share. **Proceeds**—To pay outstanding note and for working capital. **Office** — Thornwood, N. Y. **Underwriter**—None.

Prudential Federal Uranium Corp.
March 21 (letter of notification) 6,000,000 shares of common stock (par two cents). **Price**—Five cents per share. **Proceeds**—For mining expenses. **Underwriter**—Skyline Securities, Inc., Denver 2, Colo.

Puerto Rico Jai Alai, Inc.
July 27 filed $1,100,000 of 12-year 6% first mortgage bonds due July 1, 1968, and 220,000 shares of common stock (par $1). **Price**—100% of principal amount for debentures and $1.75 per share for the stock. **Pro-**

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ceeds—For construction of fronton and related activities. **Office**—San Juan, Porto Rico. **Underwriters**—Crerie & Co., Houston, Texas; and Dixon Bretscher Noonan, Inc., Springfield, Ill.

Pyramid Development Corp., Washington, D. C.
July 27 (letter of notification) 300,000 shares of common stock (par 10 cents), of which 25,000 shares are to be reserved for issuance upon exercise of options. **Price**—$1 per share. **Proceeds**—To purchase real property and mortgage notes. **Underwriter**—Coombs & Co. of Washington, D. C.

● **Racine Hydraulics & Machinery, Inc. (10/1-5)**
Sept. 10 filed 15,000 shares of $1.20 cumulative convertible preferred stock, series A (par $20) and 35,000 shares of common stock (par $1), of which 10,000 common shares are to be offered for the account of Malcolm E. Erskine, President and Treasurer of the company. **Price**—To be supplied by amendment. **Proceeds**—For working capital. **Underwriter**—Loewi & Co., Inc., Milwaukee, Wis.

● **Republic Cement Corp. (9/28)**
April 20 filed 965,000 shares of capital stock. **Price—$10 per share. Proceeds**—For construction of plant, working capital and general corporate purposes. **Office**—Prescott, Ariz. **Underwriter**—Vickers Brothers, New York.

★ **Rexrug Mills, Inc., New York**
Sept. 7 (letter of notification) 300,000 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For equipment, buildings, working capital, etc. **Office**—80 Wall St., New York 5, N. Y. **Underwriter**—None.

River Valley Finance Co.
Aug. 29 (letter of notification) 11,000 shares of class A common stock and 518 shares of class B common stock to be offered first to stockholders. **Price**—$6 per share. **Proceeds** — For working capital. **Office** — Davenport, Iowa. **Underwriter** — Quail & Co., also of Davenport, Iowa.

Ross (J. O.) Engineering Corp., New York
Sept. 10 filed 19,059 shares of common stock (par $1) to be offered in exchange for common stock of John Waldron Corp. at the rate of one Ross share for each two Waldron shares. Offer will become effective upon deposit of at least 90% of the outstanding common stock, of which Ross presently owns 61.53%. **Underwriter**—None.

Samson Uranium, Inc., Denver, Colo.
Aug. 21 (letter of notification) 25,000,000 shares of capital stock. **Price**—At par (10 cents per share). **Proceeds**—For core drilling, including geological research and core assays; for mining shaft; to exercise purchase of option agreement on additional properties; for working capital and other corporate purposes. **Underwriter** — Indiana State Securities Corp. of Indianapolis, Ind., for offering to residents of Indiana.

★ **Seaboard Finance Co. (10/10)**
Sept. 18 filed $15,000,000 of sinking fund notes due Oct. 1, 1971. **Price**—To be supplied by amendment. **Proceeds**—To reduce bank loans. **Underwriter**—The First Boston Corp., New York.

Security Loan & Finance Co.
July 17 (letter of notification) 200,000 shares of common stock (par $1). **Price**—$1.50 per share. **Proceeds**—For expansion program. **Office**—323 So. State St., Salt Lake City, Utah. **Underwriter**—Whitney & Co., also of Salt Lake City.

★ **Southern Bell Tel. & Tel. Co. (10/8)**
Sept. 18 filed $60,000,000 of 27-year debentures due Oct. 1, 1983. **Proceeds** — For repayment of advances to its parent, American Telephone & Telegraph Co. **Underwriter**—To be determined by competitive bidding. **Probable bidders**: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co. **Bids**—Tentatively expected to be opened on Oct. 8.

★ **Southern Union Gas Co., Dallas, Texas**
Sept. 14 filed 171,187 shares of common stock (par $1) to be offered for subscription by common stockholders of record Sept. 26 on the basis of one new share for each 12 shares held (with an oversubscription privilege); rights to expire in about 20 days after subscription warrants are mailed. **Price**—$18 per share. **Proceeds**—For additions and improvements to property. **Underwriter**—None.

Southern Union Oils Ltd., Toronto, Canada
Aug. 24 filed 750,000 shares of capital stock (par $1). **Price**—64½ cents per share. **Proceeds**—To selling stockholders. **Underwriter**—None.

Southwestern Resources, Inc., Santa Fe, N. M.
June 8 filed 1,000,000 shares of common stock (par 25 cents). **Price**—$5 per share. **Proceeds**—To exercise options, purchase additional properties and for general corporate purposes. **Underwriter**—Southwestern Securities Co., Dallas, Texas.

★ **Southwide Corp., Anniston, Ala.**
Sept. 12 filed 450,635 shares of common stock (par $1), of which 211,681 shares are to be offered publicly 238,954 shares are to be offered in exchange for the class A stock of Capital Fire & Casualty Co. and common stock of Allied Investment Corp. **Price**—$2 per share. **Proceeds**—For purchase of stock of Capital and Allied firms and for purchase of U. S. Government bonds. **Underwriter**—None, but a selling commission will be allowed to dealers for sales effected by them. Elvin C. McCary, of Anniston, Ala., is President.

Spig Master Miner Co.
Aug. 22 (letter of notification) 36,000 shares of class A stock and 15 shares of common stock. **Price**—At par ($1 per share). **Proceeds**—For the manufacture and sale of machine parts. **Office**—623 Continental Bank Bldg., Salt Lake City, Utah. **Underwriter**—None.

★ **Spruce Plywood Cooperative of Alaska, Inc.**
Sept. 12 (letter of notification) 300 shares of 6% cumulative redeemable preferred non-voting capital stock. **Price**—At par ($100 per share). **Proceeds**—For working capital. **Office**—Juneau, Alaska. **Underwriter**—None.

Statesman Insurance Co., Indianapolis, Ind.
July 3 filed 200,000 shares of common stock (par $2.50) to be offered to agents and employees of Automobile Underwriters, Inc., "Attorneys-in-Fact for the Subscribers at the State Automobile Insurance Association." **Price**—Proposed maximum is $7.50 per share. **Proceeds**—To obtain a certificate of authority from the Insurance Commissioner of the State of Indiana to begin business. **Underwriter—None.**

Sterling Precision Corp., New York
July 9 filed 379,974 shares of 5% cumulative convertible preferred stock, series C, to be offered for subscription by holders of outstanding common stock and series A and series B preferred stock in the ratio of one share of new preferred stock for each four shares of series A or series B preferred stock and one share of new preferred for each 10 shares of common stock held. **Price**—At par ($10 per share). **Proceeds**—To repay a $1,400,000 note held by Equity General Corp., a subsidiary of Equity Corp.; to liquidate existing bank loans and for general corporate purposes. **Underwriter**—None, but Equity General Corp. has agreed to purchase at par, plus accrued dividends, up to 290,000 shares of the new preferred stock not subscribed for by stockholders. Latter already owns 137,640 shares (3.23%) of Sterling common stock, plus $1,800,000 of its convertible debentures.

Stevens (J. P.) & Co., Inc., New York
June 28 filed $30,000,000 of debentures due July 1, 1981. **Price**—To be supplied by amendment. **Proceeds**—To reduce short-term loans, to retire $950,000 of 4¾% first mortgage bonds and $368,679 of 6% preferred stock of subsidiaries. **Underwriter**—Goldman, Sachs & Co., New York. **Offering**—Indefinitely postponed.

★ **Storer Broadcasting Co., Miami Beach, Fla. (10/2)**
Sept. 14 filed 200,000 shares of common stock (par $1). **Price** — To be supplied by amendment. **Proceeds** — To George B. Storer, President of company. **Underwriter**—Reynolds & Co., New York.

★ **Suburban Gas Service, Inc.**
Sept. 10 (letter of notification) 15,780 shares of common stock (par $1). **Price**—$19 per share. **Proceeds**—To selling stockholders. **Office**—60 East Foothill Blvd., Upland, Calif. **Underwriters**—Kidder, Peabody & Co., Inc., New York, N. Y.; Wagenseller & Durst, Inc., Los Angeles 14, Calif. and William R. Staats & Co., Los Angeles 14, Calif.

★ **Templeton & Liddell Fund, Inc., Englewood, N. J.**
Sept. 18 filed 9,000 shares of common capital stock. **Price**—At market. **Proceeds**—For investment.

Texas Calgary Co., Abilene, Texas
June 29 (letter of notification) 300,000 shares of common stock (par 25 cents). **Price**—$1 per share. **Proceeds**—For drilling for oil and gas expenses. **Underwriter**—Thomson Kernaghan & Co., Ltd., Toronto 1, Ont., Canada.

Thermoray Corp.
June 29 (letter of notification) 380,000 shares of common stock (par 10 cents). **Price** — 75 cents per share. **Proceeds**—For inventory, working capital, etc. **Business**—Electrical heating. **Office**—26 Avenue B, Newark, N. J. **Underwriter**—Eaton & Co., Inc., New York.

Togor Publications, Inc., New York
March 16 (letter of notification) 299,700 shares of common stock (par 10 cents). **Price**—$1 per share. **Proceeds**—For working capital and general corporate purposes. **Office**—381 Fourth Ave., New York, N. Y. **Underwriter**—Federal Investment Co., Washington, D. C.

Transcontinental Gas Pipe Line Corp. (10/2)
Sept. 10 filed 441,250 shares of common stock (par 50 cents) to be offered for subscription by common stockholders of record Oct. 1, 1956 at the rate of one new share for each 16 shares held (with an oversubscription privilege); rights to expire on Oct. 17. **Price**—To be supplied by amendment. **Proceeds** — For construction program. **Underwriters**—White, Weld & Co. and Stone & Webster Securities Corp., both of New York.

Ulrich Manufacturing Co., Roanoke, Ill.
Aug. 20 filed 50,000 shares of class A common stock (par $1). **Price**—$6.50 per share. **Proceeds**—To reduce bank loans and for working capital. **Business**—Earthmoving equipment, etc. **Underwriter**—White & Co., St. Louis, Mo.

Union Chemical & Materials Corp.
May 25 filed 200,000 shares of common stock (par $10). **Price**—To be supplied by amendment. **Proceeds**—To selling stockholders. **Office**—Chicago, Ill. **Underwriters**—Allen & Co., Bache & Co. and Reynolds & Co., Inc., all of New York. **Offering**—Postponed indefinitely.

● **United Aircraft Corp.**
Aug. 28 filed 318,098 shares of convertible preference stock 4% series, being offered for subscription by common stockholders of record Sept. 17, 1956 on the basis of one preference share for each 16 shares of common stock held; rights to expire on Oct. 2, 1956. **Price**—At par ($100 per share). **Proceeds**—To repay bank loans, for equipment, working capital and general corporate purposes. **Underwriter** — Harriman Ripley & Co. Inc., New York.

● **United Cuban Oil, Inc. (10/1-5)**
Aug. 29 filed 2,000,000 shares of common stock (par 10 cents). **Price**—$1.25 per share. **Proceeds**—For development and exploration costs. **Office**—Los Angeles, Calif. **Underwriter**—S. D. Fuller & Co., New York.

★ **United Funds, Inc., Kansas City, Mo.**
Sept. 14 filed (by amendment) the following additional securities: 1,500,000 United Income Fund shares; 500,000 United Accumulative Fund shares; and $25,000,000 of Periodic Investment Plans without insurance and the underlying shares of United Accumulative Fund.

United States Mining & Milling Corp.
July 16 (letter of notification) 300,000 shares of common stock (par one cent). **Price**—$1 per share. **Proceeds**—For exploration and drilling costs and for working capital. **Underwriter**—N. R. Real & Co., Jersey City, N. J.

Universal Finance Corp.
Aug. 24 (letter of notification) 27,272 shares of 70-cents cumulative preferred stock (par $5) and 13,636 shares of common stock (par 15 cents) to be offered in units consisting of one share of preferred and one-half share of common. **Price**—$11 per unit. **Proceeds**—For working capital. **Office** — Gibraltar Life Bldg., Dallas, Tex. **Underwriters**—Muir Investment Co., and Texas National Corp., both of San Antonio, Tex.

Universal Fuel & Chemical Corp.
May 17 (letter of notification) 300,000 shares of capital stock. **Price**—At par ($1 per share). **Proceeds**—For mining expenses. **Office**—825 Broadway, Farrell, Pa. **Underwriter**—Langley-Howard, Inc., Pittsburgh, Pa.

Venezuela Diamond Mines, Inc., Miami, Fla.
Aug. 31 filed 1,500,000 shares of common stock. **Price**—At par (20 cents per share). **Proceeds**—For exploration and mining operations in Venezuela. **Underwriter**—Columbia Securities Co., Inc., of Florida, Miami, Fla.

Venture Securities Fund, Inc., Boston, Mass.
Sept. 4 filed 200,000 shares of capital stock (par $1). **Price**—Initially at $25 per share. **Proceeds**—For investment. **Underwriter**—Venture Securities Corp., 26 Federal St., Boston, Mass.

Vicon, Inc.
Aug. 24 (letter of notification 100,000 shares of common stock (par $1). **Price**—$3 per share. **Proceeds**—For the manufacture and sale of a hearing instrument designed for the hard-of-hearing. **Office**—1353 Mesita Road, Colorado Springs, Colo. **Underwriter**—Miller & Co., Tulsa, Okla.

Virginia Electric & Power Co. (9/25)
Aug. 17 filed $20,000,000 of first and refunding mortgage bonds, series M, due Oct. 1, 1986. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., American Securities Corp. and Wertheim & Co. (jointly); Salomon Bros. & Hutzler; Stone & Webster Securities Corp.; White, Weld & Co.; Eastman Dillon, Union Securities & Co. **Bids**—Expected to be received up to 11 a.m. (EDT) on Sept. 25 at 40 Wall St., New York, N. Y.

● **Walt Disney Productions, Burbank, Calif. (9/26)**
Aug. 24 filed $7,500,000 of convertible subordinated debentures due Sept. 1, 1976. **Price**—To be supplied by amendment. **Proceeds**—$243,740 to redeem outstanding 4% debentures, series A, due 1960: balance for retirement of secured demand note. **Underwriter**—Kidder, Peabody & Co., New York.

★ **Webb (H. S.) & Co.**
Sept. 10 (letter of notification) $300,000 of 6% sinking fund subordinated debentures due 1976. **Price**—At face amount. **Proceeds**—To redeem all of the outstanding cumulative preferred stock. **Office**—139 North Brand Blvd., Glendale, Calif. **Underwriter** — Wagenseller & Durst, Inc., Los Angeles, Calif.

Western States Natural Gas Co.
Aug. 24 (letter of notification) 500,000 shares of common stock (par 10 cents). **Price**—50 cents per share. **Proceeds**—For development of oil and gas. **Office**—Felt Bldg., Salt Lake City, Utah. **Underwriter**—Us-Can Securities, Inc., Jersey City, N. J.

Wheland Co., Chattanooga, Tenn.
May 23 filed $2,000,000 of convertible subordinated debentures due June 1, 1976, and 136,000 shares of common the company's account and 61,000 shares for a selling stockholder. **Price** — To be supplied by amendment. **Proceeds**—Together with proceeds from private sale of $1,500,000 4¾% first mortgage bonds and $900,000 of 3-year unsecured 4½% notes to a group of banks, will be used to retire outstanding series A and series B 5% first mortgage bonds, and for expansion program. **Underwriters**—Hemphill, Noyes & Co., New York; Courts & Co., Atlanta, Ga.; and Equitable Securities Corp., Nashville, Tenn. **Offering** — Temporarily postponed. Not expected until sometime this Fall.

White Sage Uranium Corp.
Feb. 13 (letter of notification) 15,000,000 shares of capital stock. **Price**—At par (one cent per share). **Proceeds**—For mining expenses. **Office**—547 East 21st South St., Salt Lake City, Utah. **Underwriter**—Empire Securities Corp., Salt Lake City, Utah.

Wildcat Mountain Corp., Boston, Mass.
Aug. 13 filed $800,000 of 6% subordinated cumulative debentures due Dec. 1, 1976, and 6,000 shares of common stock (no par) to be offered in units of a $400 debenture and three shares of stock. **Price** — $500 per unit. **Proceeds**—For construction and working capital. **Business**—Mountain recreation center. **Underwriter**—None; offering to be made by officers and agents of company.

Wilson & Co., Inc.
Aug. 28 filed $20,000,000 of 20-year sinking fund debentures due 1976. **Price**—To be supplied by amendment. **Proceeds** — To redeem presently outstanding first mortgage bonds, to repay bank loans and for expansion program. **Business**—Meat packing firm. **Underwriters**—Smith, Barney & Co.; Glore Forgan & Co. and Hallgarten & Co., all of New York City. **Offering**—Indefinitely postponed.

Winter Park Telephone Co., Winter Park, Fla.
Aug. 24 (letter of notification) 3,000 shares of 5% cumulative preferred stock. **Price**—At par ($100 per share). **Proceeds**—For improvements and additions to property. **Office**—128 East New England Ave., Winter Park, Fla. **Underwriter**—Security Associates, Inc., Winter Park, Fla.

★ **Ziegler Coal & Coke Co. (9/21)**
Sept. 7 (letter of notification) 12,500 shares of common stock (par $10). **Price**—$18 per share. **Proceeds** — For working capital. **Office**—231 So. La Salle St., Chicago, Ill. **Underwriter**—Tucker, Anthony & Co., New York, N. Y.

Prospective Offerings

American Petrofina, Inc.
Aug. 30 it was announced that following proposed merger with Panhandle Oil Corp., American Petrofina, Inc., will offer to stockholders the opportunity to subscribe to about 1,000,000 shares of "A" stock of American Petrofina. **Price**—$11 per share. **Underwriters**—White, Weld & Co.; Blyth & Co., Inc.; and Hemphill, Noyes & Co. **Offering**—Expected in October.

Appalachian Electric Power Co.
May 31 it was announced company plans to issue and sell in December $24,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Union Securities Corp. and Kuhn, Loeb & Co. (jointly); The First Boston Corp.; Harriman Ripley & Co., Inc.

● **Bank of the Southwest National Association**
Aug. 27 a proposal was approved under which the Bank plans to offer to its stockholders the right to subscribe for 75,000 additional shares of capital stock (par $20) on the basis of three new shares for each 20 shares presently held. **Price**—$40 per share. **Proceeds**—To increase capital and surplus. **Office**—Houston, Texas.

Boulder Acceptance Corp., Boulder, Colo.
July 16 it was announced company plans to offer and sell 3,000,000 shares of its common stock. **Price**—At par ($6 per share). **Proceeds**—To construct hotel; set up instalment loan company; and for working capital and general corporate purposes. **Underwriter**—Allen Investment Co., Boulder, Colo. Stock to be sold in Colorado.

Burndy Engineering Co., Inc. (Conn.)
Aug. 27 it was reported company plans to issue and sell in October some common stock. **Underwriter** — Van Alstyne, Noel & Co., New York.

Carolina Power & Light Co. (11/27)
March 22 it was announced company plans to issue and sell $15,000,000 of first mortgage bonds due 1986. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co Inc.; Kuhn, Loeb & Co. and A. C. Allyn & Co. Inc. (jointly); W. C. Langley & Co. and The First Boston Corp. (jointly); Equitable Securities Corp.; Blyth & Co., Inc.; Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly) **Bids**—Scheduled for Nov. 27.

● **Carolina Power & Light Co. (10/16)**
Sept. 12 it was announced the directors have authorized the officers of the company to take necessary action looking toward the sale to the public of an additional 500,000 shares of common stock (no par). **Underwriters**—Merrill Lynch, Pierce, Fenner & Beane, New York; and R. S. Dickson & Co., Inc., Charlotte, N. C. **Registration**—Expected Sept. 25.

Central Illinois Public Service Co. (10/23)
Sept. 10 it was announced company plans to issue and sell 170,000 shares of common stock. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Blyth & Co., Inc., Merrill Lynch, Pierce, Fenner & Beane and Stone & Webster Securities Corp. (jointly); Glore, Forgan & Co.; The First Boston Corp.; Lehman Brothers, Bear, Stearns & Co. and Eastman Dillon, Union Securities & Co. (jointly). **Bids** — Expected to be received on Oct. 23. **Registration**—Planned for Oct. 1.

Central Wisconsin Motor Transport Co.
July 9 it was reported early registration is expected of 34,600 shares of 6% convertible preferred stock (par $10) and 66,500 shares of common stock (the latter to be sold by certain stockholders). **Proceeds**—From sale of preferred to provide funds for expansion. **Office**—Wisconsin Rapids, Wis. **Underwriter** — Loewi & Co., Milwaukee, Wis.

Consolidated Edison Co. of New York, Inc. (10/23)
Aug. 28 the trustees authorized a proposed sale of $40,000,000 first and refunding mortgage bonds, series M, due 1986. **Proceeds**—To help finance 1956 expansion program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.; The First Boston Corp. **Bids**—Expected to be received on Oct. 23.

Delaware Power & Light Co.
Aug. 13 it was reported company plans to raise about $8,000,000 through the sale of preferred stock. **Proceeds**—For construction program. **Underwriter**—To be determined by comeptitive bidding. Probable bidders: White, Weld & Co. and Shields & Co. (jointly); Kidder, Peabody & Co. and Harriman Ripley & Co., Inc. (jointly); Kuhn, Loeb & Co. and Ladenburg, Thalmann & Co. (jointly); Merrill Lynch, Pierce, Fenner & Beane; Lehman Brothers; W. C. Langley & Co. and Eastman Dillon, Union Securities & Co. (jointly); Blyth & Co., Inc., and The First Boston Corp(jointly). **Offering**—Not expected until early in 1957.

Eternalite, Inc., New Orleans, La.
May 28 it was reported company plans to issue and sell about 200,000 shares of class A stock. **Price** — Around $4.50 per share. **Underwriter** — Vickers Brothers, New York.

★ **First National Bank of Atlanta, Ga. (9/26)**
Sept. 12 it was announced that stockholders will vote Sept. 25 on approving an offering to stockholders of 200,000 additional shares of capital stock (par $10) on a 2-for-7 basis; rights to expire on Oct. 15. **Price**—$35 per share. **Proceeds**—To increase capital and surplus. **Underwriters** — Robinson-Humphrey Co., Inc., Atlanta, Ga.; Merrill Lynch, Pierce, Fenner & Beane, New York; and Courts & Co., Atlanta, Ga.

Flair Records Co.
Aug. 13 it was reported company plans to issue and sell to residents of New York State 50,000 shares of common stock. **Price**—$2 per share. **Underwriter**—Foster-Mann, Inc., New York.

Food Fair Stores, Inc.
Aug. 28 stockholders voted to increase the authorized indebtedness from $35,000,000 to $60,000,000 and to increase the authorized common stock from 5,000,000 shares to 10,000,000 shares. **Underwriter** — Eastman, Dillon & Co., New York.

General Public Utilities Corp.
April 2, A. F. Tegen, President, said that the company plans this year to issue and sell $28,500,000 of new bonds and $14,000,000 of new preferred stock. **Proceeds**—To repay bank loans, etc., and for construction program.

General Public Utilities Corp.
Sept. 12, A. F. Tegen, President, announced that the stockholders are going to be offered approximately 647,000 additional shares of common stock (par $5) early in 1957 on the basis of one new share for each 15 shares held. Merrill Lynch, Pierce, Fenner & Beane acted as clearing agent in previous offering to stockholders.

Hartfield Stores, Inc.
Aug. 27 it was reported company plans to issue and sell 300,000 shares of common stock. **Price**—Expected at $10 per share. **Underwriter**—Van Alstyne, Noel & Co., New York. **Offering**—Probably in October.

Haskelite Manufacturing Co.
July 16 it was reported company may be considering sale of about $1,000,000 to $1,500,000 bonds or debentures. **Underwriter**—May be G. H. Walker & Co., St. Louis and New York.

★ **Hawaiian Electric Co., Ltd.**
Sept. 14 it was announced company plans to offer to its common stockholders 77,000 additional shares of common stock (par $20). **Proceeds** — For construction program. **Underwriter**—None. **Offering**—Expected in near future.

Hawaiian Pineapple Co., Ltd.
Aug. 21 it was announced company plans some new financing. **Proceeds** — To pay long-term debt and for working capital. **Underwriter**—None, if stock is offered to stockholders.

Hawaiian Telephone Co.
July 30 it was announced that company plans to acquire a 15% participation with American Telephone & Telegraph Co. in a proposed $36,700,000 California-to-Hawaii cable and, if approved by the directors on Aug. 16, will be probably be financed by a debenture issue. Hawaiian Telephone Co.'s investment will be approximately $5,500,000. **Underwriter**—Probably Kidder, Peabody & Co., New York.

Herold Radio & Television Corp.
July 25 it was announced stockholders on Aug. 10 will vote on increasing the authorized common stock from 400,000 shares to 1,000,000 shares, in order to provide options (to officers and employees), and for future financing. **Underwriters**—Weill, Blauner & Co., New York, and Hallowell, Sulzberger & Co., Philadelphia, Pa.

High Authority of the European Coal and Steel Community, Luxembourg
July 9 this Authority announced that an American banking group consisting of Kuhn, Loeb & Co., The First Boston Corp. and Lazard Freres & Co. has been appointed to study the possibility of a loan to be issued on the American market. The time, amount and terms will depend on market conditions. **Proceeds** — To be loaned to firms in the Community for expansion of coal mines, coking plants, power plants and iron ore mines.

Hudson Pulp & Paper Corp.
June 25 it was reported company may in the Fall do some public financing. **Proceeds**—For expansion. **Underwriter**—Lee Higginson Corp., New York.

★ **Jersey Central Power & Light Co.**
Sept. 12, it was announced company plans to issue and sell $8,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kidder, Peabody & Co.; The First Boston Corp.; White, Weld & Co.; Eastman Dillon, Union Securities & Co., Salomon Bros. & Hutzler and Merrill Lynch, Pierce, Fenner & Beane (jointly).

Kansas City Power & Light Co.
April 24 stockholders approved a proposal increasing bonded indebtedness of the company by $20,000,000. **Underwriter** — To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp. and Blyth & Co., Inc. (jointly); Equitable Securities Corp.; White, Weld & Co. and Shields & Co. (jointly); Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly); Lehman Brothers and Bear, Stearns & Co. (jointly). Amount and timing has not yet been determined (probably not until first half of 1957).

Lee Offshore Drilling Co., Tulsa, Okla.
Aug. 20 it was reported company plans registration in September of $2,500,000 of convertible class A stock. **Underwriter**—Rauscher, Pierce & Co., Dallas, Texas.

Lieberknecht, Inc., Laureldale, Pa. (10/10)
Bids will be received up to 11 a.m. (EDT) on Oct. 10 at the Department of Justice, Office of Alien Property, Room 664, 101 Indiana Avenue, N. W., Washington 25, D. C., for the purchase from the Attorney General of the United States of 158,025 shares (63.21%) of capital stock (no par) of this company. **Business**—Manufacture and sale of knitting machines, etc. **Bidders**—May include Kidder, Peabody & Co. and Merrill Lynch, Pierce, Fenner & Beane (jointly).

Lucky Stores, Inc.
Aug. 28 the directors of Foremost Dairies, Inc., voted to offer Foremost's stockholders the right to subscribe for 630,000 shares of common stock of Lucky Stores, Inc. at the rate of eight Lucky shares for each 100 shares of Foremost stock held (with an oversubscription privilege). **Price** — $12 per share. **Proceeds** — To Foremost Dairies, Inc. **Underwriter**—Allen & Co., New York.

May Department Stores Co.
July 19 it was announced that this company may undertake financing for one or more real estate companies. **Proceeds** — For development of branch stores and regional shopping centers. **Underwriters**—Goldman, Sachs & Co. and Lehman Brothers, New York.

Merrill Petroleums Ltd. (Canada)
Sept. 6 it was reported company plans to issue and sell some debentures. **Underwriter**—White, Weld & Co., New York.

● **Metropolitan Edison Co.**
July 2 it was reported that company is considering the sale of $10,000,000 first mortgage bonds due 1986. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Blyth & Co., Inc.; Kidder, Peabody & Co. and Drexel & Co. (jointly); The First Boston Corp. **Bids**—Not expected to be received until December. Company presently plans to issue and sell $22,000,000 of bonds in the next 16 months.

Michigan Bell Telephone Co.
April 19 company applied to the Michigan P. S. Commission for permission to issue and sell $30,000,000 of 40-year debentures later this year. **Proceeds**—For construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Morgan Stanley & Co.

★ **Missouri Pacific RR. (9/20)**
Bids are expected to be received by the company on Sept. 20 for the purchase from it of $2,700,000 equipment trust certificates, series F, due annually Aug. 15, 1957 to 1971, inclusive. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Mobile Gas Service Corp. (11/1)
Sept. 7 it was announced company plans to offer to its common stockholders on or about Nov. 1, 1956 the right to subscribe for 30,000 additional shares of common stock (par $5) on the basis of one new share for each 10 shares held (with an oversubscription privilege). **Proceeds** — For construction program. **Underwriters** — None.

National Bank of Detroit (11/1)
Sept. 10 it was announced stockholders will vote Oct. 15 on approving proposed sale of 263,400 additional shares of capital stock to stockholders on the basis of one new share for each 10 shares held as of Nov. 1, 1956; rights to expire on Nov. 21. **Price** — Somewhat below market price prevailing at time of offering. **Proceeds** —For capital and surplus account. **Underwriter**—Morgan Stanley & Co., New York.

★ **National Newark & Essex Banking Co. of Newark (N. J.) (10/4)**
Sept. 17 it was announced Bank plans to offer to its stockholders of record Oct. 5, 1956, the right to subscribe to 55,000 additional shares of capital stock (par $25) on the basis of one new share for each six shares held. Stockholders will vote Oct. 3 on approving proposed increase in capitalization. **Price**—To be named later. **Proceeds**—To increase capital and surplus. **Underwriter**—Merrill Lynch, Pierce, Fenner & Beane, New York.

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National Steel Corp.
March 12 the company announced that it is estimated that total construction expenditures planned to start in the current year and to be completed in mid-1959 will amount to a minimum of $200,000,000. **Underwriters**—Kuhn, Loeb & Co.; Harriman Ripley & Co. Inc.; and The First Boston Corp.

Natural Gas Pipe Line Co. of America
Feb. 20 it was reported company plans to issue and sell late this Spring $35,000,000 of first mortgage bonds due 1976. **Underwriter**—If determined by competitive bidding, the following may bid: Halsey, Stuart & Co. Inc.; White, Weld & Co.; Lehman Brothers and Eastman Dillon, Union Securities & Co. (jointly).

New England Electric System
Jan. 3 it was announced company plans to merge its subsidiaries, Essex County Electric Co., Lowell Electric Light Corp., Lawrence Electric Co., Haverhill Electric Co. and Amesbury Electric Light Co., into one company during 1956. This would be followed by a $20,000,000 first mortgage bond issue by the resultant company, the name of which has not as yet been determined. **Underwriter** — May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co. and Wood, Struthers & Co. (jointly); Lehman Brothers; The First Boston Corp.; Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly).

New England Power Co.
Jan. 3 it was announced company plans to issue and sell $10,000,000 of first mortgage bonds during October of 1956. **Underwriters**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler, Eastman Dillon, Union Securities & Co. and Wood, Struthers & Co. (jointly); Lehman Brothers; The First Boston Corp.; Equitable Securities Corp.; Merrill Lynch, Pierce, Fenner & Beane, Kidder, Peabody & Co. and White, Weld & Co. (jointly).

★ **New Jersey Power & Light Co.**
Sept. 12 it was announced company plans to issue and sell $5,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co.; Kuhn, Loeb & Co., Lehman Brothers and Salomon Bros. & Hutzler (jointly); Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly); Equitable Securities Corp.; The First Boston Corp.; Merrill Lynch, Pierce, Fenner & Beane.

Northeast Airlines, Inc.
Sept. 1 it was reported that part of the cost of new equipment will be provided by banking or other similar credits and the balance by an offering of securities to existing stockholders or to the public or both. **Underwriter**—Probably Lee Higginson Corp., New York.

Northern Natural Gas Co.
July 19 it was reported company plans to finance its 1956 construction program (costing about $40,000,000) through issuance of debentures and treasury funds in latter part of year. **Underwriter**—Probably Blyth & Co., Inc.

Offshore Gathering Corp., Houston, Texas
Nov. 18, 1955, David C. Bintliff, Pres., announced company has filed an application with the Federal Power Commission for a certificate of necessity to build a 364-mile submarine gas pipeline off-shore the coast of Louisiana from the Sabine River to the Gulf Coast of the State of Mississippi. It is estimated that this gathering system will cost approximately $150,000,000. Type of financing has not yet been determined, but tentative plans call for private sale of first mortgage bonds and public offer of about $40,000,000 of securities (probably notes, convertible into preferred stock at maturity, and common stock). **Underwriter**—Salomon Bros. & Hutzler, New York.

Ohio Power Co. (10/30)
July 2 it was reported company plans to issue and sell $28,000,000 of first mortgage bonds due 1986. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Blyth & Co. Inc.; Kuhn, Loeb & Co.; Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler (jointly); Harriman Ripley & Co. Inc. and Stone & Webster Securities Corp. (jointly). **Bids**—Expected to be received up to 11 a.m. (EDT) on Oct. 30.

Ohio Power Co. (10/30)
July 2 it was reported company proposes to issue and sell 60,000 shares of cumulative preferred stock (par $100). **Underwriter**—To be determined by competitive bidding. Probable bidders: The First Boston Corp.; Blyth & Co., Inc.; Kuhn, Loeb & Co.; Eastman Dillon, Union Securities & Co. and Salomon Bros. & Hutzler (jointly); Harriman Ripley & Co. Inc. and Stone & Webster Securities Corp. (jointly); Lehman Brothers. **Bids**—Tentatively expected to be received up to 11 a.m. (EDT) on Oct. 30.

Oklahoma Corp., Oklahoma City, Okla.
July 26 it was announced company has been authorized by the Oklahoma Securities Commission to issue and sell in the State of Oklahoma $20,000,000 of its capital stock ($10,000,000 within organization and $10,000,000 publicly). **Proceeds**—To organize or acquire seven subsidiaries. **Business**—A holding company. **Underwriter**—None.

Pacific Northwest Pipeline Corp.
March 20 C. R. Williams, President, announced that about 280,000 shares of common stock (par $1) are to be sold in connection with subscription contracts which were entered into at the time of the original financing in April of 1955. **Price**—$10 per share. **Proceeds**—Together with funds from private sale of $35,000,000 additional first mortgage bonds, and $10,000,000 of 5.6% interim notes and borrowings from banks, will be used to construction program. **Underwriters**—White, Weld & Co.; Kidder, Peabody & Co.; The Dominion Securities Corp.; and Eastman Dillon, Union Securities & Co. **Registration**—Expected soon.

Pacific Northwest Power Co.
Aug. 13 it was reported company plans to sell about $32,000,000 of common stock to the organizing companies and that arrangements are expected to be made to borrow up to $60,000,000 on a revolving bank loan which will be reduced through the sale of bonds to institutional investors as well as the general public. **Proceeds**—To pay, in part, for cost of new power project to cost an estimated $217,400,000.

Palisades Amusement Park, Fort Lee, N. J.
Aug. 21, Irving Rosenthal, President, announced that company plans to purchase another amusement park and merge the two and then sell stock to public.

Pan Cuba Oil & Metals Corp. (Del.)
April 9, Walter E. Seibert, President, announced that company will soon file a registration statement with the SEC preparatory to an equity offering planned to take place later this year. **Business**—To explore, drill and operate oil, gas and mineral properties in the United States, Cuba and Canada. **Office**—120 Broadway, New York, N. Y.

★ **Pennsylvania Electric Co.**
Sept. 12 it was announced company plans to issue and sell $6,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Merrill Lynch, Pierce, Fenner & Beane, Eastman Dillon, Union Securities & Co. and White, Weld & Co. (jointly); Equitable Securities Corp.; The First Boston Corp.; Harriman Ripley & Co. Inc.; Kuhn, Loeb & Co.

Pittsburgh Rys. Co.
May 4 it was announced that Standard Gas & Electric Co. will offer to its stockholders rights to subscribe for 540,651.75 shares of Pittsburgh Rys. Co. **Price**—About $6 per share.

Pocahontas Fuel Co., Inc.
July 27 it was announced that following 100% stock distribution to stockholders of record Aug. 28, 1956, a public offering of approximately 200,000 shares of capital stock, consisting of shares held in the treasury and by certain stockholders. **Underwriters**—Morgan Stanley & Co. and F. S. Smithers & Co., both of New York. **Offering**—Expected in September.

Public Service Co. of Indiana, Inc. (10/16)
July 30 it was reported company may issue and sell about $30,000,000 first mortgage bonds. **Proceeds** — To retire bank loans and for construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; The First Boston Corp.; Harriman Ripley & Co. Inc.; Glore, Forgan & Co.; Kuhn, Loeb & Co., Salomon Bros. & Hutzler and Eastman Dillon, Union Securities & Co. (jointly). **Bids**—Expected to be received on or about Oct. 16.

● **Public Service Electric & Gas Co. (11/14)**
Sept. 18 the directors proposed the issuance and sale of $50,000,000 first and refunding mortgage bonds due Nov. 1, 1986. **Proceeds**—To help finance construction program. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; The First Boston Corp.; Kuhn, Loeb & Co., and Lehman Brothers (jointly); Morgan Stanley & Co. and Drexel & Co. (jointly). **Bids**—Tentatively scheduled to be received up to 11 a.m. (EST) on Nov. 14.

★ **Public Service Electric & Gas Co.**
Sept. 18 it was announced company plans to issue and sell 1,000,000 additional shares of common stock (no par) early in December. **Proceeds**—To repay bank loans and for new construction. **Underwriters**—Morgan Stanley & Co., Drexel & Co., and Glore, Forgan & Co.

Puget Sound Power & Light Co.
Feb. 15 the company announced that it estimates that its construction program for the years 1956-1959 will amount to $87,000,000, including $20,000,000 budgeted for 1956. This large expansion, the company says, can be financed wholly by debt and from internal sources. **Underwriter**—If determined by competitive bidding, may include Halsey, Stuart & Co. Inc.; The First Boston Corp.

St. Louis-San Francisco Ry.
Sept. 5 company offered not exceeding $61,600,000 of 50-year income 5% debentures, series A, due Jan. 1, 2006, 154,000 shares of common stock (no par), and cash equivalent to the unpaid portion of the preferred dividend which has been declared payable in 1956, in exchange for its 616,000 shares of $100 par value 5% preferred stock, series A, on the basis of $100 of debentures, one-quarter share of common stock and unpaid dividends of $2.50 per preferred share in exchange for each 5% preferred share. The offer will expire on Dec. 31, 1956, unless extended. **Dealer-Manager** — Eastman Dillon, Union Securities & Co., New York. **Exchange Agent**—The Chase Manhattan Bank, New York.

★ **Seaboard Air Line RR. (10/2)**
Bids will be received by the company up to noon (EDT) on Oct. 2, at the office of Willkie Owen Farr Gallagher & Walton, 15 Broad St., New York 5, N. Y., for the purchase from it of $4,650,000 equipment trust certificates, series Q, to be dated Oct. 1, 1956 and to mature in 15 equal annual instalments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

★ **Seiberling Rubber Co.**
Sept. 10 it was reported that the company plans long-term debt financing and/or issuance of additional common stock. **Proceeds**—To redeem preferred stocks and for expansion program, etc. **Underwriter** — Probably Blair & Co. Incorporated, New York.

Sinclair Oil Corp.
Sept. 10 it was announced that company is considering selling $165,000,000 of convertible subordinated debentures to be offered for subscription by common stockholders on basis of $100 of debentures for each nine shares of stock held. Stockholders are scheduled to vote on the financing on Oct. 30. **Proceeds**—For expansion program and general corporate purposes. **Underwriter**—Smith, Barney & Co. and Merrill Lynch, Pierce, Fenner & Beane, both of New York.

Southern Counties Gas Co. of California
Jan. 30 it was reported company may in the Fall offer $15,000,000 of first mortgage bonds. **Underwriter**—To be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Blyth & Co., Inc.; The First Boston Corp.; White, Weld & Co.; Merrill Lynch, Pierce, Fenner & Beane.

Southern Electric Generating Co.
May 18, it was announced that this company, 50% owned by Alabama Power Co. and 50% by Georgia Power Co., subsidiaries of Southern Co., plans to issue debt securities. **Proceeds**—Together with other funds, to construct and operate a $150,000,000 steam electric generating plant on the Coosa River in Alabama. **Underwriter**—May be determined by competitive bidding. Probable bidders: Halsey, Stuart & Co. Inc.; Eastman, Dillon, Union Securities & Co.; Equitable Securities Corp. and Drexel & Co. (jointly); Lehman Brothers; Harriman Ripley & Co. Inc. and Goldman, Sachs & Co. (jointly); Blyth & Co., Inc. and Kidder, Peabody & Co. (jointly); Morgan Stanley & Co.

Southwestern Public Service Co.
Aug. 7 it was announced company plans to issue and sell in February or March, 1957, $5,000,000 of first mortgage bonds and $5,000,000 additional common stock first to stockholders on a 1-for-20 basis. **Proceeds**—For construction program. **Underwriter**—Dillon, Read & Co., New York.

● **Underwood Corp. (10/10)**
Sept. 10 it was announced the directors are considering an issue of $5,000,000 subordinated convertible debentures due 1971. **Proceeds**—For working capital and used as required for research and engineering, modernization of plant facilities, development of new products and general expansion of operations in order to promote increased sales. **Underwriter** — Lehman Brothers, New York.

United States Rubber Co.
June 29, H. E. Humphreys, Jr., Chairman, stated that issuance of convertible debentures is one of several possible methods the company has been considering for raising $50,000,000 to $60,000,000 which may be needed for plant expansion and working capital. He added that, if convertible debentures are issued, they will be offered pro rata to common stockholders. **Underwriter**—Kuhn, Loeb & Co., New York.

University Life Insurance Co., Norman, Okla.
June 21, Wayne Wallace, President, announced company plans in near future to offer to its 200 stockholders 500,000 additional shares of common voting stock at rate of not more than 2,500 shares to each stockholder. Rights will expire on Aug. 1. Unsubscribed stock will be offered to residents of Oklahoma only. **Price**—$2 per share. **Underwriter**—None.

● **Virginian Ry. (9/24)**
Bids will be received by this company up to noon (EDT) on Sept. 24 for the purchase from it of $3,600,000 equipment trust certificates, which will mature in 15 equal annual instalments. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler; Kidder, Peabody & Co.; Blair & Co. Incorporated. **Bids** — Expected on or about Oct. 4.

Washington Gas Light Co.
June 7 it was announced company proposes to finance proposed new construction of pipeline in Virginia to cost about $3,380,000 from funds generated by operations, sale of common stock and temporary bank borrowings. **Underwriter** — The First Boston Corp., New York; and Johnston, Lemon & Co., Washington, D. C.

★ **Western Maryland Ry. (9/25)**
Bids are expected to be received by this company on Sept. 25 for the purchase from it of about $4,800,000 equipment trust certificates. Probable bidders: Halsey, Stuart & Co. Inc.; Salomon Bros. & Hutzler.

Continued from page 6

Changed Economic Importance Of Outstanding Consumer Debt

ity or appearance. Where similar merchandise is available on instalment terms, the market is substantially enlarged; and where these terms are not uniform, the nature of the terms themselves may influence the consumer in her choice of the store where she buys the selected merchandise.

From the broad economic viewpoint, the arguments in favor of instalment selling are just as positive, although very rarely quoted.

Historical High Consumption Rate

It has been pointed out that "the dominant fact about consumption in the United States today is its extraordinary high level. The dominant fact about its history is that from the early days of the Union it seems to have been high by contemporary European standards; yet it has increased rapidly at a relatively high rate compared with other places in the world."

This statement refers to consumption in the United States, not only currently but historically. The striking fact about consumption in the United States is that it has been high from the date of origin of the country, and has increased rapidly throughout this entire historical period.

I think merchants will recognize the correctness of this statement. Many explanations have been advanced for why this should have been true, ranging from the richness of the country's resources to its mechanical ingenuity. **Basically, however, the aspiration of consumers, to improve their position and to increase their consumption, must have been a particularly important factor.** Many of the early settlers had rebelled from conditions in Europe, both economic and political. They were willing to take personal chances and risks, and in this country they were rewarded, both economically and politically, for doing so.

It is a common characteristic among human beings to want to improve their economic position. However, unless such improvement is possible, as it is in the United States, they become discouraged and their efforts subside. One of the characteristic things about the consuming public in this country is that its efforts to improve its position have been rewarded. The aspiration to increase consumption has not been merely a nebulous hope, but within the grasp of all human beings in this country.

This all has a bearing on the positive value of instalment selling. **Instalment selling, by creating an opportunity for the average consumer to make an investment in living, helps satisfy his aspirations and stimulates his efforts to improve his economic position.**

Consumer Lives in the Present

At any given moment in his life, the consumer's knowledge of the future is very limited. He knows what his present status is but he doesn't know what it will be next year, or the year after that. He doesn't even know how long he will live. He knows what he is earning today, and what he can afford to spend. But he doesn't know what he will be able to earn next year. He may have an idea that he will be better off in the future, but he can't be sure of it.

Now, I submit to you that the extent to which a consumer, any consumer, is able to increase his future earning power and his consuming power, depends to some extent on how much he wants to increase them. Not entirely, I will grant you; but I think we must admit that desire is a tremendously important ingredient of accomplishment. And it is obvious that the **sooner** such desires are felt, in terms of the consumer's unknown but limited earnings span, the better the chances are that they will lead to an increased total of earnings and consumption for that individual consumer and his family, **over his entire earnings span.** The sooner we, as individuals, feel a strong desire to increase our earnings, the better the chance we have to bring this about.

Increases Tomorrow's Magnitude

Now, we agreed that instalment merchandising makes it possible to sell an item to a consumer **sooner than it could have been sold if he had to save up and pay cash.** You may be inclined to say: "So what? He would buy it sooner or later anyway. It all evens out in the long run." But there I would have to disagree with you. Being able to own a house, and a car, and a television set, and essential appliances, nice furniture and attractive jewelry, has a tremendous impact on that customer's psychology, on how he thinks about the future, on what he wants out of the future in terms of increased earnings and still higher consuming power. As individuals, we don't like to lose what we have. We don't like to stand pat with what we have. We will work very hard to keep what we have, and to get more. **In a very real sense, the size of our ambition is related to the importance and the value of our possessions.**

That is why instalment selling adds an important and permanent increment to our consuming power. The instalment sales you make today actually increase the magnitude of tomorrow's consuming power. For by making instalment sales today, you put in these customers' possession items they would not otherwise have been able to own. And to the extent to which their ambition is geared to the relative importance and value of their possessions, their earning power will be higher, and tomorrow's market will be just that much bigger.

I have spent quite a bit of time on this point both because it is important and because it is one that I believe most of us miss. This conception of instalment merchandising as making a permanent and appreciable contribution to the size of our consuming power is not very frequently discussed. Very few stores, very few credit people, very few economists, in fact, have begun to think in these terms.

Conclusions

Let me sum up very briefly why consumer credit is important.

First of all, for the consumer, consumer credit and instalment selling make investments possible in all the commodities and durable goods which are so important a part of modern living.

I believe that the possibility of making these investments, and of obtaining a home or an automobile or a refrigerator or a television set or fine jewelry, is stimulating to a consumer and adds directly and indirectly to his earning power.

Consumer credit and instalment selling are important to the economy as a whole because they help support and expand the high level of consumption for which this country is distinguished. I do not believe our national income would be as high as it is if all of us consumers had to buy everything on a cash basis. The aspiration to consume is a powerful economic motive, and certainly instalment selling makes a great contribution.

Consumer credit and instalment selling are obviously important for the merchant. Studies in the appliance field indicate that, after a consumer buys a refrigerator, he is usually back for some other appliance within a reasonably short time. I am sure, if we had similar information about jewelry that we could find something like that in the jewelry field, too. Credit makes it easier to make the first sale, and one sale has a tendency to generate another one.

Allegheny Ludlum Offer Underwritten

Allegheny Ludlum Steel Corp. is offering today (Sept. 20) to the holders of its common stock of record on Sept. 19, 1956, rights to subscribe for $16,377,000 of its 4% convertible subordinated debentures, due Oct. 1, 1981. Stockholders will be entitled to subscribe for $100 principal amount of debentures for each 23 shares of common stock held, with warrants expiring at 3:30 p.m. (EDT) on Oct. 3, 1956. The subscription price is 100%. A group headed by The First Boston Corporation and Smith, Barney & Co. will underwrite the offering.

The company will use $10,750,000 of the proceeds to prepay certain outstanding obligations which would otherwise come due in the next three calendar years. The remainder will be added to general funds and should be sufficient, with other cash resources, to complete all presently authorized capital improvements.

Allegheny Ludlum Steel Corp. is engaged principally in the manufacture and sale of stainless steel, electrical steel and electrical alloys, and other special types of steel and alloys, and is one of the leading producers of such products. Stainless steel and electrical steel sales account for approximately 50% and 30%, respectively, of total sales volume. The company has about 15,700 employees and has plants at Brackenridge and West Leechburg, Leechburg, Pa.; Dunkirk, Watervliet and Tonawanda, N. Y.; Wallingford, Conn.; Ferndale, Mich.; Marengo, Ill.; and Los Angeles, Calif.

The debentures are convertible into common stock at any time prior to maturity at $55 per share.

The debentures are redeemable at the company's option at prices ranging from 104%, if redeemed in the 12 month period beginning Oct. 1, 1956, to 100% if redeemed in the year prior to maturity. The sinking fund, which begins operation in 1966, is calculated to retire 75% of the issue at 100% prior to maturity, but the company may, at its option, increase sinking fund payments by up to $800,000 in any such year.

Net sales of Allegheny Ludlum in 1955 were $255,240,619 and net earnings after preferred dividends were $14,659,754, or $4.12 per share. In the six months ended June 30, 1956, sales were $153,713,794 compared with sales of $116,736,425 in the similar six months of 1955. For the 1956 first half, net earnings after preferred dividends were $9,095,131, or $2.44 per share, compared with $6,245,011, or $1.85 per share in the 1955 half year.

With E. E. Mathews Co.

(Special to The Financial Chronicle)

BOSTON, Mass. — Ronald L. Butler is now with Edward E. Mathews Co., 53 State Street.

With King Merritt

(Special to The Financial Chronicle)

SPRINGFIELD, Mass.—Van G. Vander has joined the staff of King Merritt & Co., Inc.

Chemist Cites Method of Overcoming "Heat Barrier"

Westinghouse Electric air chemist reports laboratory tests of organosilicons revealed satisfactory insulation performance at high temperatures, and permitted construction of 50% smaller power transformers.

The "heat barrier" which limits the performance of jet planes and guided missiles may be pushed back by the development of a new electrical insulating material, it was indicated Sept. 17 at the 130th national meeting of the American Chemical Society, at Atlantic City, N. J.

A silicone rubber capable of withstanding temperatures from minus 85 degrees to plus 500 degrees Fahrenheit was described by F. T. Parr of the Westinghouse Electric Corporation, Baltimore. This material is one of a group of chemicals, known as organosilicon compounds, with good electrical insulating properties, said Mr. Parr, who is a chemist in the air arm division of the Westinghouse Chemical and Materials Laboratory. He reported that, in laboratory tests, organosilicons proved to be good insulators for power transformers in operation for as long as 500 hours at internal temperatures as high as 482 degrees Fahrenheit (250 degrees centigrade) while the surrounding air temperature was 320 degrees Fahrenheit.

Better Electronic Insulation

The speed of jet planes and rockets is limited by the high temperatures developed in electronic equipment, which must work inordinately fast because of the high speeds, Mr. Parr explained. In addition, high speed creates high temperatures around the equipment because of air friction. This heat destroys ordinary insulation. Power transformers in particular, which generate quite a lot of heat in normal operation, become extremely hot during operation at high speeds, and the insulation frequently fails.

Organosilicon compounds make possible the construction of power transformers that will operate satisfactorily at temperatures higher than those now permitted, declared Mr. Parr, who continued:

"Furthermore, these transformers can be made about 50% smaller and hence lighter in weight and yet still function exactly as the larger, heavier unit. This reduction in size and weight is very important in airborne equipment.

"The construction materials of the power transformers designed to operate at high temperature are silicone-modified wire enamel, asbestos layer insulation, a silicon steel core, and a stainless steel mounting base. A transformer constructed of these materials is first given an outercoat insulation of silicone rubber, which oven cures to a tough elastic coating. It is then filled under vacuum through channels in the outer coating with a silicone resin which cures to a solid void-free insulating material.

Superior Power Transformer

"A power transformer constructed of inorganic materials and insulated with organosilicon compounds is capable of operating at temperatures well above those to which a standard power transformer is exposed. In addition, such a unit is smaller in size and lighter in weight, and is also protected by this organosilicon insulation against environmental conditions such as salt spray, rain, dust, heat, cold and humidity. It can be operated in any part of the world in which our armed forces may be required to fight.

"The development of organosilicon insulation for power transformers has made possible the operation of electronic equipment at higher temperatures for longer periods of time with greater reliability.

"Our future as a nation is dependent upon just such developments as this. Without continued developments in this field the United States cannot hope to maintain the number one position in the armament race."

Lazard Freres Group Sells Kay Jewelry Stock at $21 a Share

A group headed by Lazard Freres & Co. late last week offered publicly 150,000 shares of common stock of Kay Jewelry Stores, Inc., one of the largest chains of retail credit jewelry stores in the country. The stock is priced at $21 a share. The offering, which represented the first public financing by the company, was quickly oversubscribed and the books closed.

Net proceeds from the sale of the shares will be used by Kay Jewelry to reduce bank loans incurred in connection with the acquisition in 1954 of securities of a company which has become a wholly-owned subsidiary.

Upon completion of the financing and the reduction of bank loans, outstanding capitalization will comprise a $6,000,000 (maximum) credit note; $923,012 notes due Dec. 1, 1957; and 558,100 shares of capital stock.

Kay Jewelry Stores, Inc. operates 82 retail credit jewelry stores, 51 under the name "Kay," 15 under the name "Finlay Straus," 10 under the name "Kay-Franc," four under the name "Ross," one under the name "Leeds" and one under the name "Wittman." The first Kay jewelry store was opened in 1916.

Net sales during the fiscal year ended June 30, 1956, totaled $27,374,609 compared with $23,121,067 in the preceding fiscal year. Net earnings in the 1956 fiscal year amounted to $1,577,779, equal to $3.87 a share on 408,100 shares of outstanding capital stock. For the 1955 fiscal year the company reported net earnings of $979,131, equal to $2.38 a share on 410,628 capital shares.

H. L. Robbins Co. Adds

(Special to The Financial Chronicle)

WORCESTER, Mass. — Stanley H. Moor has joined the staff of H. L. Robbins & Co., Inc., 40 Pearl Street.

2 With Livingstone, Crouse

(Special to The Financial Chronicle)

FLINT, Mich.—Harry C. Burke and Howard Levitt have become connected with S. R. Livingstone, Crouse & Co., members of the Detroit Stock Exchange.

Joins Piersol O'Brien

KANSAS CITY, Mo. — Richard C. Jensen Jr. is with Piersol, O'Brien & Adams, Inc., 1012 Baltimore Avenue.

Harry E. Huhn

Harry E. Huhn passed away suddenly at the age of 44. Mr. Huhn was Manager of the industrial stock trading department of Blyth & Co., Inc., New York City.

General Capital Five-for-One Split

At the stockholders' meeting held Sept. 14, the stockholders voted to increase the authorized capital stock from 500,000 shares to 2,500,000 shares of Common Stock, $1 par value. At a meeting of the Board of Directors held Sept. 17, the Board voted a 5-for-1 stock split to be effected by issuing to each stockholder of record at the close of business on Sept. 24, four additional shares for each outstanding share of Common Stock, $1 par value, held by him at that time. The additional shares will be issued as at the opening of business on Sept. 25, and certificates for the additional shares will be mailed to stockholders.

From and after the opening of business on Sept. 25, the net asset value ("determined asset value") and liquidating value per share will reflect the stock split, and will be exactly one-fifth of the amount which it would have been had the split not been made. The total value of each stockholder's holdings will not be reduced by the stock split since each stockholder will thereafter hold five times as many shares as he held immediately before the split.

In the opinion of counsel for the corporation, no stockholder will realize as a result of the stock split any gain or loss or will receive any form of taxable income for purposes of Federal income tax. The total cost basis for Federal income tax purposes of each stockholder's shares, including the additional shares to be issued in the stock split, will not be changed by the split.

With Hamilton Managem't

(Special to THE FINANCIAL CHRONICLE)

COLUMBUS, Neb.—Leonard N. La Benz is now affiliated with Hamilton Management Corporation of Denver.

Joins Chiles-Schutz

(Special to THE FINANCIAL CHRONICLE)

OMAHA, Neb.—Donald L. Anderson has become associated with Chiles-Schutz Company, Farm Credit Building.

With Straus, Blosser

(Special to THE FINANCIAL CHRONICLE)

MILWAUKEE, Wis. — Harry J. Ellis, Sr. is now with Straus, Blosser & McDowell, 710 North Water Street.

Mutual Funds

By ROBERT R. RICH

Accumulation Plans Continue Growth

Plans for regular purchase of mutual fund shares remained popular in August when investors opened 15,009 new accumulation accounts, according to Edward B. Burr, Executive Director of the National Association of Investment Companies.

This compares with 14,080 new plans opened in July, and 10,362 in August a year earlier.

Reporting on the Association's 126 open-end member companies, Mr. Burr announced that on Aug. 31, net assets amounted to $8,882,838,000, down from $9,077,896,000 at the end of July. On Aug. 31, 1955, net assets totaled $7,286,002,000.

Investor purchases of new shares in the amount of $109,627,000 in August, compared with $123,829,000 in July and $91,240,000 in August, 1955.

Share redemptions amounted to $39,544,000 in August, as against $36,629,000 the month before and $31,894,000 in August last year.

Cash, U. S. Government securities and short-term obligations held by the 126 mutual funds totaled $476,177,000 at the end of August, compared with $426,732,000 held at the end of July.

Open-End Company Statistics — Month of August, 1956
126 Open-End Funds*
(In 000's of $)

	8/31/56	7/31/56	8/31/55
Total net assets	$8,882,838	$9,077,896	$7,286,002
	Month of August, 1956	Month of July, 1956	Month of August, 1955
Sales of shares	$109,627	$123,829	$91,240
Redemptions	39,544	36,629	31,894

Holdings of Cash, U. S. Governments and Short-Term Bonds

Aug. 31, 1956	$476,177	Dec. 31, 1955	$437,966
July 31, 1956	426,732	Aug. 31, 1955	422,394

Accumulation Plans	Month of August, 1956	Month of July, 1956	Month of August, 1955
Number of new accumulations plans opened in period (86 funds reporting)	15,009	14,080	10,362

*The precise number of funds may vary slightly from period to period due to mergers, liquidations, new members, etc., and an individual company period estimate may, at times, be required. Except to a minor degree, however, the figures for different dates are comparable.

Fund Payments To Stockholders

Directors of **Selected American Shares, Inc.** on Sept. 17 declared a dividend of seven cents a share from investment income, payable Oct. 27 to shareholders of record Sept. 28. It is the 68th consecutive dividend declared by the company since its founding in January 1933. With this payment dividends totaling 31 cents have been paid by the company in the past 12 months from income. In addition a capital gain distribution of 61 cents a share was made in January 1956.

In making the dividend announcement, Edward P. Rubin, President, reported the fund's net asset value on Sept. 14 last at $10.03 (a capital gain distribution of 61 cents was paid in January), as compared with a value of $9.77 on Sept. 14, 1955.

* * *

Axe-Houghton Fund B directors have voted a record fiscal year-end payment to shareholders of 40 cents a share, including a distribution of 35 cents a share from net profits and a dividend of five cents a share from income. The payment will be made Oct. 29 to shareholders of record Oct. 1.

The final quarter payment last year was 35 cents a share, including 30 cents from net profits and five cents from income—as adjusted to reflect a three-for-one stock split in February, 1956.

The new payment lifts the total for the year ending Oct. 31 to 46 cents a share from net profits and 25 cents a share from income.

The adjusted total for the 1954-55 fiscal year was 30 cents a share from net profits and 26⅓ cents a share from income.

Stock Market Seen Suspended Between Booming Business and Tightening Credit

"Tug-of-War" status to continue, says Schreder

"For the past year, the stock market has been suspended between booming business and tightening credit. Moreover, it appears that it will remain in this 'tug-of-war' state for some time to come," according to Harold X. Schreder, a leading New York economist and Executive Vice-President of Group Securities, Inc., one of the country's largest mutual funds.


Harold X. Schreder

In an address before The Financial Analysts Society of Detroit, at the Fort Shelby Hotel, on Sept. 19, Mr. Schreder said, "we are currently enjoying a new record in dynamic prosperity, and practically all the basic economic measurements strongly indicate that total production and consumption will continue high and generally rising well into 1957." He expressed confidence that the managers of our nation's budgeting and monetary affairs will be successful in helping to "stretch out" today's good business, and generally maintaining our economy's long-term growth pattern. Even so, he warned his audience of the likelihood of a "moderate adjustment period, possibly during 1957-58, as part of the economy's healthy growth from today's $400 billion national production level to a $550 billion level by 1965.

"Today we have a perfect example of a stock market which is neither bull nor bear, but rather a market which is in the midst of a healthy character change," according to Mr. Schreder. He pointed out that "just as various industries' activities have been opposing each other over the past year's high level of total business, so have similar sharply divergent stock market movements been taking place. Certainly," he added, "no one is better aware of this dynamic 'tug-of-war' in business and the stock market than the Financial Analysts of Detroit, who have watched the general economy and the average stock move moderately forward over the past year, while automobile production has declined around 25% and the industry's leading stocks have declined from 25% to 40%."

"One could have been either a strong 'bull' or 'bear' and lost his shirt in the securities market over the past year," according to Mr. Schreder. "Bonds and preferred stocks have experienced historical declines, and nearly two-thirds of all the common stocks on the New York Stock Exchange have acted badly during the past 'sideways' year—hundreds of them down 20% to 40%, while others have advanced equally sharply.

"The divergent and rotating position of stocks in this market has been terrific. Such a 'spread' in stock prices, reflecting as it does the modern day 'breaking up' of the old-fashioned business cycle, of course, presents great opportunities for changing investments by professional managers of money," said Mr. Schreder.

"For example, despite the fact that there are many leading issues selling at levels offering yields lower than high-grade bonds, I still think there are a lot of low-risk, good income stocks to own and buy, if one looks around carefully in such stable industries as retail trade, utilities, tobaccos and food; in such 'depressed' industries as automobile and auto parts, farm equipment, natural gas, rails and railroad equipment; and in such growth industries as aviation, oil, chemical, drugs, electrical equipment and electronics."

In applying this specific investment advice, however, Mr. Schreder reminded his audience that there are two basic benefits from

investing—income and price appreciation. He said that "while there is no reason for long-term investors to be disturbed, after such a sharp and substantial rise in stock prices as has occurred over the past three years, it is only good common sense to begin to place more emphasis on the continuous investment benefit of income, rather than on the irregular benefit of price appreciation. After all, hard-working money over recent years is entitled to 'rest' a little in preparation for the substantial investment benefits of both income and price appreciation strongly indicated for the next decade."

In discussing the prosperous outlook for the next decade, Mr. Schreder said, "economically speaking, we will have the unique and rare situation of relatively low manpower per total demand of our rapidly growing economy. Therefore, to meet this huge demand, we must have more machines — capital investment — which provides both the tools for prosperity and the basic opportunity areas for investors to snare in that prosperity."

Mr. Schreder, in referring to capital investment generally as the most powerful driving force toward prosperity, specifically sees a $550 billion level of national output of goods and services over the next decade, "with attendant high levels of employment, income, spending, saving, etc. Corporate earnings, as measured by the Dow-Jones Industrial Average, should increase from today's $36 per share level to the $50-$55 area, dividends to between $30 and $35 from today's $21-plus level. Thus, the normal value for the Average stock (Dow-Jones Industrial) should easily rise from today's 456 value level to 700 or more; and stock prices could well double over the next decade."

Boston Fund Shares Available on $10 A Month Payment

Boston Fund, one of the nation's largest and oldest mutual funds, is to be made available through a $10-a-month-lay-away-plan to millions of working people who are becoming "the new investor class" as the nation's economy continues to prosper and expand, according to Barnard C. Luce, Jr., President of North American Planning Corporation, New York City.

North American Planning Corporation is an independent selling organization formed to sell the largely untapped systematic investment plan market among the new population of salaried workers which has been developing since the 1930s. Mr. Luce explained that while the $10 monthly lay-away plan is not entirely new, the fact than Vance, Sanders & Company, one of the largest distributors of investment company shares and sponsor of Boston Fund, recognizes this vast new investing public as a potential market is a distinct forward step to the selling of mutual funds on a greater mass level, thereby broadening the base of ownership of American industry and creating a new kind of economic democracy.

Under the North American Investment Plans, any job-holder can participate in the dynamic growth of the nation with his $10 or more monthly plan payment for Boston Fund shares. As his $10 is put into the Fund, he automatically becomes the indirect owner of shares in such companies as International Business Machines, Standard Oil of New Jersey, General Electric, General Motors, Du Pont, and a host of other leading U. S. corporations. Additionally, an unusual low-cost life insurance feature is tied in at the investor's option, thus providing the planholder, in a single package, assurance that his "estate planning" program will be completed.

Mr. Luce explained that a North American Plan works as follows: With his initial payment an investor receives a North American Plan Certificate under which he accumulates shares in Boston Fund for as little as $10 a month for ten years. The Chemical Corn Exchange Bank of New York as Custodian sends monthly reminders to each Planholder for his monthly payments. Each monthly payment increases the planholders' ownership interest in Boston Fund and through the Fund in a diversified and supervised list of America's leading corporations.

Halsey, Stuart Group Sells So. Pacific RR. 5¼% 1st Mtge. Bonds

Halsey, Stuart & Co. Inc. and associates offered today, $35,000,000 Southern Pacific Railroad first mortgage bonds, 5¼%, series H, due Oct. 1, 1983, at 100% and accrued interest, to yield 5.25%. The underwriters won award of the bonds at competitive sale on a bid of 99.3811%. The offering was oversubscribed and the books closed. Issuance and sale of the bonds are subject to the authorization of the Interstate Commerce Commission.

Net proceeds from the financing will be used by the Southern Pacific Co. to reimburse its treasury for amounts previously expended for additions and improvements to its properties, and for expenditures in connection with the retirement of outstanding funded debt.

The series H bonds will be redeemable after Oct. 1, 1961 at optional redemption prices ranging from 105% to par, and through the sinking fund, beginning July 1, 1957, at par, plus accrued interest in each case.

Southern Pacific Co. owns and operates railroad lines and other property in Oregon, California, Arizona, Nevada, New Mexico, Texas, Utah and Louisiana, which comprise what is known as the Southern Pacific Transportation System. This system owned and operated a total of 19,469 miles of track as of Dec. 31, 1955. The company owns all the outstanding capital stocks of companies whose operations supplement or extend the service of the Transportation System, and common stocks of various warehouse, real estate and land companies. It also owns one-half of the capital stock of Pacific Fruit Express Company and 88.4% of the capital stocks of St. Louis Southwestern Ry. Co., and directly or through subsidiary companies has fractional interests in several terminal companies.

For the six months ended June 30, 1956, Southern Pacific Transportation System and the separately operated solely controlled affiliated companies, had consolidated railway operating revenues of $335,273,000 and consolidated net income, $29,561,000. In the like period of 1955, consolidated railway operating revenues amounted to $325,403,000 and consolidated net income, $34,453,000.

Nelson Burbank Adds

(Special to The Financial Chronicle)

BOSTON, Mass. — Henry C. Everett, Jr. has joined the staff of Nelson S. Burbank Company, 80 Federal Street.

Form Adriatic Secs.

Adriatic Securities Corp. has been formed with offices at 225 Broadway, New York City, to engage in a securities business. Officers are Albert Bradick, President, and Louis Lasus, Vice-President and Treasurer. Both were formerly with Graham, Ross & Co.

Railroad Securities

By GERALD D. McKEEVER

Chicago, Milwaukee, St. Paul & Pacific

The Milwaukee Road, in company with most of the Northwestern carriers, turns in the greater part of its earnings in the latter months of the year. Largely for this reason the market has not viewed with too great alarm the relatively poor earnings of this road thus far reported in 1956. In short, the Milwaukee Road showed a deficit of $247,225 for the first seven months of this year as against comparable net income of $3,238,000 for the corresponding period of 1955, adjusting the latter for the $1,630,000 increase in interest charges due largely to the issuance of $60 million debenture income 5s that were not outstanding in the 1955 period.

Earlier this year the road's President had stated that net earnings for the full year 1956 were expected to be about the same as the 1955 result of $3.27 per common share in spite of the $1.6 million deficit for the first quarter, but due to the road's inability to close the gap in succeeding months sights have been lowered for the 1956 estimate. It now appears that earnings for the full year will be in the neighborhood of $2.25 to $2.50 per common share "before funds" and some 50 cents less available after providing for the capital fund and sinking funds established by the 1945 reorganization and bond indentures. In making the year-to-year comparison it should be remembered, however, that the 1955 figure contained the nonrecurring element of $1.25 per share before tax representing the credit of $2,660,951 interest on the $8,921,203 Federal tax refund received last year. The interest, an earned item, was taken into the income account.

The difficulties of the Milwaukee Road thus far in 1956 have not been so much a matter of revenues as of overwhelming expenses, although it is true that, as with other roads in its territory, the year-to-year gain in revenues has been less than that of the Class I average. In the case of the Milwaukee, the gain has been about 60% of the overall average gain. But what has hurt is that, looking at the results for the first seven months of this year, expenses were up $7.7 million as compared with the corresponding 1955 period while revenues showed a gain of only $8.2 million, and the excessive rise in expenses was in spite of a reduction of 1.6 percentage points in the maintenance rate for the period.

Most disappointing has been the sharp increase in the road's Transportation Ratio, which was 40.8% for the first seven months of this year as against 39.2% for the similar 1955 period. The 1955 report of the Milwaukee pointed with justifiable pride to the reduction in the Transportation Ratio to 38.3% for that year, which was the lowest since 1945. This achievement was ascribed to all but complete dieselization, to the modernization of yards at Milwaukee and Chicago (Bensenville) and to other capital improvements. The conversion of the Milwaukee and Bensenville yards to automatic operation was completed in 1952 and 1953 respectively, but benefits to the Transportation Ratio were obscured in 1954 by the decline in revenues in that year.

There are two rather obvious reasons why this year's expenses got out of hand. First, the freight rate increase of March 7, which the Milwaukee places at 5% rather than the 6% increase that was granted nominally, is estimated at $10.8 million annually, based on 1955 traffic, whereas the wage increases granted in the final months of last year are placed at $11,440,000 annually, including the increase in health and welfare contributions. Secondly, there was the lag of over two months before the freight rate increase was instituted.

Cost control is the immediate problem of the Milwaukee and its management recognizes it as such in continuing to take steps to meet the problem. With the delivery of 44 more diesel units earlier this year steam operations were entirely eliminated. Yard modernization is being pushed and in the latter part of last year work was begun on the flat yard at St. Paul to convert it into a modern automatic retarder yard with 35 classification tracks having the total capacity of 1,724 cars. This project is scheduled for completion this year and additional savings should come from the completion of the Council Bluffs yard improvement and at Othello, Wash., and the new Spokane yard.

Meanwhile, the road has been working on unprofitable passenger business. During 1955 a total of 1,311,144 unprofitable passenger train miles were eliminated, or 28% of the 4,664,378 total for the past seven years. Also, to meet the out-of-pocket loss on commuter business in the Chicago area, the road filed for a 20% increase in commuter rates after appropriate ICC hearings and, the State Commission failing to act in the matter within the 60-day period ordered by the ICC, the latter declared the increase effective last April 20. On June 14, however, a 3-judge Federal Court voided the increase on the grounds that certain data had not been submitted. Presumably this case can be reopened.

Consolidation with the Chicago & North Western as an expedient for solving the cost problem of both roads has been relegated to the indefinite future. Plans for this, which had been under study for some two years, were abandoned by both roads early this year because the poor physical condition of the North Western precluded the possibility of an equitable arrangement. However, both roads have indicated that the matter may be revived when the rehabilitation of the North Western has reached a point where a consolidation can be worked out on a mutually satisfactory basis.

The longer term problem is traffic and revenues, which is basically more a matter of territorial conditions than of management. The traffic and revenue trend of the Milwaukee has lagged behind the corresponding trends of both its district and of Class I even during the bulge that was shared by this road while the Korea affair was in progress. Because of the relatively poor revenue trend of the Milwaukee, the improvement in the operating efficiency that has taken place is not as evident in the road's Transportation Ratio and in other ratios which are a percentage of gross revenue as it is in physical measures. For instance, the Milwaukee has enjoyed a 60% gain in the overall efficiency factor of gross ton-miles per freight train hour since 1946, and this increase has been remarkably steady each year since 1948 with the annual increment of over 3,000 each year except 1953 when it was over 4,000.

Far from taking a fatalistic attitude toward the revenue and growth problem, the management of the Milwaukee is moving aggressively toward the goal of building the road's business up to a level commensurate with its giant physical capacity. In mileage the Milwaukee stands almost even with the New York Central for the third place among the roads of the United States, but it ranks 13th in 1956 estimated revenues. This epitomizes the new business problem which is being constantly attacked. Last year 143 new industries were located on the road's lines and its Industrial Department has been most aggressive in acquiring sites for plant location. It is stated in the 1955 report that 218 acres in Franklin Park, Ill., have been sold to Clearing Industrial District, Inc. at an initial investment if $1.8 million in anticipation of some $50 million plant construction within the next decade. This area is served exclusively by the Milwaukee.

By far the most spectacular new business coup, however, was the deal with the Union Pacific and the Southern Pacific by which all passenger trains of these roads now, and since October 30 of last year, operate over the line of the Milwaukee between Chicago and Omaha, taking this operation over from the Chicago & North Western which had had it for some 75 years. This new arrangement has made it necessary for the Milwaukee to acquire 24 diesels for assignment to this service and to spend $2 million for signal work, but the Milwaukee retains all revenues earned on the Chicago-Omaha run by the five "name" trains involved in this joint operation.

According to the road's 1955 report, "results of this new association are very gratifying." The failure of passenger revenues to show greater increase thus far in 1956 may well be due to other factors, including the previously mentioned reduction in passenger train mileage from the weeding out of unprofitable service. The direct results of this operation on passenger revenues are not the only consideration, however. As a side effect, the Milwaukee management is hopeful of so cementing relations that additional freight interchange will be obtained.

Edwin D. Hubbard

Edwin D. Hubbard, member of the New York Stock Exchange, passed away Sept. 18 at the age of 79.

Joins Newhard, Cook

(Special to The Financial Chronicle)

BELLEVILLE, Ill.—Warren E. Leopold has become affiliated with Newhard, Cook & Co., Commercial Building. He was previously with O. H. Wibbing & Co.

Barclay Inv. Adds

(Special to The Financial Chronicle)

CHICAGO, Ill.—Gilbert J. Currie has become associated with Barclay Investment Co., 208 South La Salle Street.

With Betts, Borland

(Special to The Financial Chronicle)

CHICAGO, Ill.—Sidney Rubenstein has become connected with Betts, Borland & Co., 111 South La Salle Street, members of the New York and Midwest Stock Exchanges.

Hutton Adds to Staff

(Special to The Financial Chronicle)

CHICAGO, Ill. — Theodore R. Boardman has become affiliated with E. F. Hutton & Co., Board of Trade Building.

Joins Richard J. Buck Co.

(Special to The Financial Chronicle)

BOSTON, Mass. — Dewey J. Thibault has become associated with Richard J. Buck & Co., Statler Office Building. He was formerly with Coburn & Middlebrook, Incorporated.

Indications of Current Business Activity

The following statistical tabulations cover production and other figures for the latest week or month available. Dates shown in first column are either for the week or month ended on that date, or, in cases of quotations, are as of that date:

		Latest Week	Previous Week	Month Ago	Year Ago
AMERICAN IRON AND STEEL INSTITUTE:					
Indicated steel operations (percent of capacity)	Sept. 23	§99.6	*100.6	95.8	96.1
Equivalent to—					
Steel ingots and castings (net tons)	Sept. 23	§2,452,000	*2,477,000	2,359,000	2,320,000
AMERICAN PETROLEUM INSTITUTE:					
Crude oil and condensate output—daily average (bbls. of 42 gallons each)	Sept. 7	7,036,650	7,107,750	7,085,850	6,655,250
Crude runs to stills—daily average (bbls.)	Sept. 7	¶8,187,000	8,038,000	7,985,000	7,554,000
Gasoline output (bbls.)	Sept. 7	28,353,000	‡28,210,000	27,664,000	26,174,000
Kerosene output (bbls.)	Sept. 7	2,293,000	2,196,000	2,411,000	2,089,000
Distillate fuel oil output (bbls.)	Sept. 7	13,080,000	13,241,000	12,321,000	11,556,000
Residual fuel oil output (bbls.)	Sept. 7	7,820,000	7,952,000	7,859,000	7,656,000
Stocks at refineries, bulk terminals, in transit, in pipe lines—					
Finished and unfinished gasoline (bbls.) at	Sept. 7	175,955,000	175,571,000	177,557,000	154,337,000
Kerosene (bbls.) at	Sept. 7	32,698,000	32,401,000	29,632,000	35,601,000
Distillate fuel oil (bbls.) at	Sept. 7	142,731,000	138,449,000	124,173,000	137,836,000
Residual fuel oil (bbls.) at	Sept. 7	47,198,000	46,783,000	45,541,000	47,111,000
ASSOCIATION OF AMERICAN RAILROADS:					
Revenue freight loaded (number of cars)	Sept. 8	679,611	784,366	715,236	701,992
Revenue freight received from connections (no. of cars)	Sept. 8	603,882	655,066	602,248	610,056
CIVIL ENGINEERING CONSTRUCTION — ENGINEERING NEWS-RECORD:					
Total U. S. construction	Sept. 13	$372,488,000	$243,863,000	$258,080,000	$381,189,000
Private construction	Sept. 13	232,973,000	112,909,000	147,461,000	222,570,000
Public construction	Sept. 13	139,515,000	130,954,000	110,619,000	158,619,000
State and municipal	Sept. 13	112,817,000	97,202,000	100,654,000	119,481,000
Federal	Sept. 13	26,698,000	33,752,000	9,965,000	39,138,000
COAL OUTPUT (U. S. BUREAU OF MINES):					
Bituminous coal and lignite (tons)	Sept. 8	8,730,000	*9,990,000	9,500,000	8,519,000
Pennsylvania anthracite (tons)	Sept. 8	491,600	601,000	583,000	456,000
DEPARTMENT STORE SALES INDEX—FEDERAL RESERVE SYSTEM—1947-49 AVERAGE = 100	Sept. 8	112	*128	107	108
EDISON ELECTRIC INSTITUTE:					
Electric output (in 000 kwh.)	Sept. 15	11,339,000	10,955,000	11,794,000	10,623,000
FAILURES (COMMERCIAL AND INDUSTRIAL) — DUN & BRADSTREET, INC.	Sept. 13	203	196	289	191
IRON AGE COMPOSITE PRICES:					
Finished steel (per lb.)	Sept. 11	5.622c	5.622c	5.622c	5.174c
Pig iron (per gross ton)	Sept. 11	$63.04	$63.04	$63.15	$59.09
Scrap steel (per gross ton)	Sept. 11	$58.83	$58.50	$56.83	$44.17
METAL PRICES (E. & M. J. QUOTATIONS):					
Electrolytic copper—					
Domestic refinery at	Sept. 12	39.575c	39.650c	39.675c	43.925c
Export refinery at	Sept. 12	37.900c	38.150c	38.475c	44.750c
Straits tin (New York) at	Sept. 12	104.250c	100.375c	98.375c	95.750c
Lead (New York) at	Sept. 12	16.000c	16.000c	16.000c	15.000c
Lead (St. Louis) at	Sept. 12	15.800c	15.800c	15.800c	14.800c
Zinc (East St. Louis) at	Sept. 12	13,500c	13.500c	13.500c	13.000c
MOODY'S BOND PRICES DAILY AVERAGES:					
U. S. Government Bonds	Sept. 18	91.94	91.06	91.33	94.92
Average corporate	Sept. 18	99.84	100.32	101.97	107.44
Aaa	Sept. 18	103.13	103.30	105.17	110.88
Aa	Sept. 18	101.97	102.13	104.14	109.06
A	Sept. 18	100.00	100.65	101.80	107.44
Baa	Sept. 18	94.86	95.47	97.00	102.63
Railroad Group	Sept. 18	98.73	99.04	100.49	105.86
Public Utilities Group	Sept. 18	100.00	100.65	102.30	107.80
Industrials Group	Sept. 18	100.98	101.14	103.13	108.52
MOODY'S BOND YIELD DAILY AVERAGES:					
U. S. Government Bonds	Sept. 18	3.14	3.21	3.19	2.88
Average corporate	Sept. 18	3.76	3.73	3.63	3.31
Aaa	Sept. 18	3.56	3.55	3.44	3.12
Aa	Sept. 18	3.63	3.62	3.50	3.22
A	Sept. 18	3.75	3.71	3.64	3.31
Baa	Sept. 18	4.08	4.04	3.94	3.59
Railroad Group	Sept. 18	3.83	3.81	3.72	3.40
Public Utilities Group	Sept. 18	3.75	3.71	3.61	3.29
Industrials Group	Sept. 18	3.69	3.68	3.56	3.25
MOODY'S COMMODITY INDEX	Sept. 18	427.0	425.5	423.5	409.9
NATIONAL PAPERBOARD ASSOCIATION:					
Orders received (tons)	Sept. 8	266,557	267,147	271,685	227,826
Production (tons)	Sept. 8	202,337	274,069	273,441	218,751
Percentage of activity	Sept. 8	71	95	95	80
Unfilled orders (tons) at end of period	Sept. 8	480,810	418,025	519,034	682,853
OIL, PAINT AND DRUG REPORTER PRICE INDEX—1949 AVERAGE = 100	Sept. 14	108.65	108.77	108.97	106.53
STOCK TRANSACTIONS FOR ODD-LOT ACCOUNT OF ODD-LOT DEALERS AND SPECIALISTS ON N. Y. STOCK EXCHANGE — SECURITIES EXCHANGE COMMISSION:					
Odd-lot sales by dealers (customers' purchases)—†					
Number of shares	Aug. 25	1,106,685	1,094,277	1,297,777	986,650
Dollar value	Aug. 25	$61,196,163	$59,560,978	$73,870,605	$54,134,322
Odd-lot purchases by dealers (customers' sales)—					
Number of orders—Customers' total sales	Aug. 25	788,504	862,226	1,038,124	790,049
Customers' short sales	Aug. 25	12,136	5,437	8,002	4,724
Customers' other sales	Aug. 25	776,368	856,789	1,030,122	785,325
Dollar value	Aug. 25	$40,015,653	$43,664,019	$53,447,057	$38,297,221
Round-lot sales by dealers—					
Number of shares—Total sales	Aug. 25	200,370	224,530	276,180	210,440
Short sales	Aug. 25	------	------	------	------
Other sales	Aug. 25	200,370	224,530	276,180	210,440
Round-lot purchases by dealers—					
Number of shares	Aug. 25	493,170	448,450	522,500	418,790
TOTAL ROUND-LOT STOCK SALES ON THE N. Y. STOCK EXCHANGE AND ROUND-LOT STOCK TRANSACTIONS FOR ACCOUNT OF MEMBERS (SHARES):					
Total round-lot sales—					
Short sales	Aug. 25	447,090	417,190	524,710	597,140
Other sales	Aug. 25	8,769,830	8,864,030	10,465,620	9,542,710
Total sales	Aug. 25	9,216,920	9,281,220	10,990,330	10,139,850
ROUND-LOT TRANSACTIONS FOR ACCOUNT OF MEMBERS, EXCEPT ODD-LOT DEALERS AND SPECIALISTS:					
Transactions of specialists in stocks in which registered—					
Total purchases	Aug. 15	1,201,780	1,218,190	1,427,210	1,218,810
Short sales	Aug. 25	197,020	227,370	303,670	212,980
Other sales	Aug. 25	1,028,180	977,830	1,160,070	1,023,260
Total sales	Aug. 25	1,225,200	1,205,200	1,463,740	1,236,240
Other transactions initiated on the floor—					
Total purchases	Aug. 25	221,870	175,700	221,400	285,910
Short sales	Aug. 25	38,500	18,300	21,700	29,800
Other sales	Aug. 25	208,410	191,270	275,280	261,360
Total sales	Aug. 25	246,910	209,570	296,980	291,160
Other transactions initiated off the floor—					
Total purchases	Aug. 25	402,618	461,755	521,955	665,531
Short sales	Aug. 25	84,650	83,450	101,410	205,900
Other sales	Aug. 25	510,675	570,908	625,620	863,634
Total sales	Aug. 25	595,325	654,358	727,030	1,069,534
Total round-lot transactions for account of members—					
Total purchases	Aug. 25	1,826,268	1,855,645	2,170,565	2,170,251
Short sales	Aug. 25	320,170	329,120	426,780	448,680
Other sales	Aug. 25	1,747,265	1,740,008	2,060,970	2,148,254
Total sales	Aug. 25	2,067,435	2,069,128	2,487,750	2,596,934
WHOLESALE PRICES, NEW SERIES — U. S. DEPT. OF LABOR — (1947-49 = 100):					
Commodity Group—					
All commodities	Sept. 11	115.1	*114.8	114.5	111.4
Farm products	Sept. 11	90.1	*89.2	89.0	89.6
Processed foods	Sept. 11	103.9	*103.6	202.8	102.2
Meats	Sept. 11	88.5	87.5	83.2	85.4
All commodities other than farm and foods	Sept. 11	122.6	*122.4	122.2	117.9

*Revised figure. ¶Includes 1,110,000 barrels of foreign crude runs. §Based on new annual capacity of 128,363,000 tons as of Jan. 1, 1956, as against Jan. 1, 1955 basis of 125,828,319 tons. †Number of orders not reported since introduction of Monthly Investment Plan. ‡Corrected figure.

	Latest Month	Previous Month	Year Ago
ALUMINUM (BUREAU OF MINES):			
Production of primary aluminum in the U. S. (in short tons)—Month of June	145,726	150,800	127,634
Stocks of aluminum (short tons) end of June	17,399	11,898	12,630
AMERICAN IRON AND STEEL INSTITUTE:			
Steel ingots and steel for castings produced (net tons)—Month of July	1,622,163	9,721,436	9,100,946
Shipments of steel products (net tons)—Month of June	8,077,805	7,764,776	7,770,213
BUILDING CONSTRUCTION — U. S. DEPT. OF LABOR—Month of August (in millions):			
Total new construction	$4,261	$4,194	$4,205
Private construction	2,842	2,829	2,893
Residential building (nonfarm)	1,402	1,410	1,587
New dwelling units	1,220	1,225	1,435
Additions and alterations	140	142	119
Nonhousekeeping	42	43	33
Nonresidential building (nonfarm)	786	786	686
Industrial	273	268	205
Commercial	294	301	286
Office buildings and warehouses	123	115	99
Stores, restaurants, garages	171	186	187
Other nonresidential building	219	217	195
Religious	70	66	68
Educational	49	48	43
Hospital and institutional	28	26	31
Social and recreational	27	26	23
Miscellaneous	45	51	30
Farm construction	161	159	172
Public utility	481	462	434
Railroad	39	39	35
Telephone and telegraph	90	85	76
Other public utility	352	338	323
All other private	12	12	14
Public construction	1,419	1,365	1,312
Residential building	23	23	23
Nonresidential building	386	381	380
Industrial	39	39	51
Educational	234	230	223
Hospital and institution l	32	30	32
Other nonresidential building	81	82	74
Military facilities	134	134	131
Highway	615	575	569
Sewer and water	127	123	105
Public service enterprises	51	48	35
Conservation and development	65	64	54
All other public	18	17	15
COAL OUTPUT (BUREAU OF MINES)—Month of August:			
Bituminous coal and lignite (net tons)	44,610,000	30,300,000	43,052,000
Pennsylvania anthracite (net tons)	2,699,000	*1,869,000	1,916,000
CROP PRODUCTION — CROP REPORTING BOARD U. S. DEPT. OF AGRICULTURE— Crop as of Aug. 1 (in thousands):			
Corn, all (bushels)	3,335,730	3,143,779	3,241,536
Wheat, all (bushels)	966,574	938,988	936,761
Winter (bushels)	721,946	721,946	703,047
All spring (bushels)	244,628	217,042	233,714
Durum (bushels)	37,945	34,798	20,070
Other spring (bushels)	206,683	182,244	213,644
Oats (bushels)	1,154,595	1,139,727	1,499,282
Barley (bushels)	370,254	361,472	400,295
Rye (bushels)	21,961	21,961	29,678
Flaxseed (bushels)	50,326	44,250	41,258
Rice (100-pound bags)	45,276	46,457	53,532
Sorghum grain (bushels)	163,293	189,676	241,100
Cotton (bale)	13,115	13,552	14,721
Hay, all (tons)	108,817	107,707	112,782
Hay, wild (tons)	8,789	8,537	9,097
Hay, alfalfa (tons)	59,536	59,312	59,195
Hay, clover and timothy (tons)	21,316	20,624	24,174
Hay, lespedeza (tons)	4,687	4,749	4,708
Beans, dry edible (cleaned) (100-lb. bags)	16,290	16,002	16,968
Peas, dry field (bags)	4,885	5,134	2,525
Soybeans for beans (bushels)	461,928	442,557	371,106
Peanuts (pounds)	1,445,460	1,419,170	1,564,530
Potatoes (hundredweight)—			
Winter	6,022	6,022	5,175
Early spring	3,923	3,923	3,800
Late spring	24,069	24,069	26,948
Early summer	9,389	9,350	11,058
Late summer	34,015	33,391	31,682
Fall	156,258	153,522	148,383
Total	233,676	230,277	227,046
Sweetpotatoes (hundredweight)	16,257	16,032	20,946
Tobacco (pounds)	2,029,023	1,997,637	2,195,788
Sugarcane for sugar and seed (tons)	6,396	6,617	7,251
Sugar beets (tons)	13,031	12,936	12,228
Broomcorn (tons)	22	26	44
Hops (pounds)	37,680	37,723	36,874
Apples, commercial crop (bushels)	93,433	90,453	106,234
Peaches (bushels)	67,760	65,686	51,827
Pears (bushels)	31,311	30,475	29,622
Grapes (tons)	2,999	3,008	3,237
Cherries (12 States) (tons)	171	171	263
Apricots (3 States) (tons)	192	193	281
Cranberries (5 States) (barrels)	957	------	1,026
Pecans (pounds)	161,375	169,880	146,860
FABRICATED STRUCTURAL STEEL (AMERICAN INSTITUTE OF STEEL CONSTRUCTION—Month of July:			
Contracts closed (tonnage)—estimated	288,166	337,230	369,414
Shipments (tonnage)—estimated	165,470	284,719	219,444
METAL OUTPUT (BUREAU OF MINES)— Month of June:			
Mine production of recoverable metals in the United States:			
Gold (in fine ounces)	152,018	*145,624	160,817
Silver (in fine ounces)	3,191,837	*3,128,769	3,085,197
Copper (in short tons)	95,443	*99,664	89,392
Lead (in short tons)	28,823	*29,848	28,427
Zinc (in short tons)	44,533	*47,438	43,477
RAILROAD EARNINGS CLASS I ROADS (ASSOCIATION OF AMERICAN RRs.)—Month of July:			
Total operating revenues	$807,640,567	$900,465,909	$849,623,503
Total operating expenses	654,404,870	686,410,493	644,435,557
Operating ratio	81.03	76.23	75.85
Taxes	$70,022,843	$96,728,965	$90,125,013
Net railway operating income before charges	61,432,982	94,980,853	92,546,200
Net income after charges (estimated)	43,000,000	77,000,000	71,000,000
REAL ESTATE FINANCING IN NON-FARM AREAS OF U. S. — HOME LOAN BANK BOARD—Month of June (000's omitted):			
Savings and loan associations	$877,202	$872,304	$1,024,394
Insurance companies	165,485	158,375	173,619
Bank and trust companies	494,234	507,942	516,078
Mutual savings banks	161,659	152,085	171,343
Individuals	308,742	318,133	300,776
Miscellaneous lending institutions	410,122	425,359	449,323
Total	$2,417,444	$2,434,198	$2.635,533

Our Reporter's Report

Passing of another week generated little change in the general investment picture and in consequence the gap between older and new corporate debt issues, from a standpoint of yield, remains unusually wide.

Institutional investors lean strongly to newer offerings with their higher coupons and yields and seemingly continue in a receptive mood if the terms are to their liking.

As for the older issues, including those sent to market several months ago, the situation is not encouraging at the moment. Interest is light and those holding such investments are not disposed to push the market by any attempts to liquidate blocks of appreciable size.

Older corporate obligations currently are moving to yield from 30 to 50 basis points less than more recent offerings. And even though the supply of new bonds has been moving out speedily, in contrast with conditions several months back, potential investors are not inclined to look at the secondary market.

They evidently figure that there is little chance of major change in the next two to three years moneywise, which would make it possible to "call" current offerings for refunding on a lower interest basis. In fact certain of the latter descriptions carry assurances against such action.

Ideas Still Mixed

Prospective borrowers apparently still are mixed in their calculations as to what lies ahead in the money market. At any rate another corporation has decided to forego plans for sale of an issue of debentures at this time because of such considerations.

Wilson & Co., packers, and their bankers disclosed that they had decided to postpone a $20 million issue of debentures which had been scheduled, presumably on the belief that things might improve from the borrower's viewpoint in the not too distant future.

On the other side C. I. T. Financial Corp., which has twice postponed its financing, decided to put its plan in operation with the result that its $75 million of 15-year debentures were brought out yesterday as 4⅛s, to yield 4⅜%, and were well-received.

Light Week Ahead

Underwriters of new corporate debt securities will put in a relatively quiet period next week, judging by what the calendar shows in the way of prospects.

Virginia Electric Power Co. is slated to open bids for $20 million of new bonds on Tuesday to put it in funds to finance new construction now planned.

On Wednesday Peabody Coal Co. will put $35 million of new debentures on the market. But part of this represents refinancing of certain outstanding funded debt with the balance to go into general corporate funds.

Photo-Finish on Southern Pacific

The investment world was treated to one of those rare situations when initial bids for Southern Pacific Co.'s $35 million of 27-year first mortgage bonds were opened yesterday.

Two groups entered identical bids of 98.31 for the bonds to carry a 5¼% rate. The company's officials, after due deliberation, decided to give the bidders an opportunity to improve on their original tenders. Upon receipt of substitute offers, the company accepted the one naming the highest price of 99.3811. The other group raised its offer to 99.111.

This marked the road's first entry into the long-term money market since 1946, at which time it was able to effect 50-year financing with 2¾% and 3% coupons. That, of course, was the period of extremely easy money.

With A. C. Allyn Co.

(Special to The Financial Chronicle)

BOSTON, Mass.—Jules A. Baer is now connected with A. C. Allyn and Company, Incorporated, 30 Federal Street.

With King Merritt

(Special to The Financial Chronicle)

PORTLAND, Maine — John W. Edenbo has been added to the staff of King Merritt & Co., Inc., Casco Bank Building.

Forms Century Secs.

DALLAS, Tex.—Rosalie Moore Adams has opened offices in the Bankers Underwriter Building to engage in a securities business under the firm name of Century Securities Co. Mrs. Adams was formerly with Eppler, Guerin & Turner and Southwestern Investors.

Dallas, Nash Co. Opens

PHILADELPHIA, Pa.—Charles H. Dallas and John E. Nash have formed Dallas, Nash & Co. with offices in the Girard Trust Building to engage in a securities business. Both were formerly with H. G. Kuch & Co.

Opens Offices

Lucyle H. Feigin is conducting a securities business from offices at 42 West 33rd Street, New York City.

Klein & Co. Opens

BAYONNE, N. J.—Klein & Co. has been formed with offices at 445 Broadway, to engage in a securities business. Partners are Adolph P. Klein, Abraham Funk, and Marvin Koenig.

Robert Morrison Opens

NEWTON, N. C. — Robert H. Morrison is engaging in a securities business from offices at 31 East A Street.

Form Venture Securities

BOSTON, Mass.—Venture Securities Corporation has been formed with offices at 24 Federal Street to engage in a securities business. Officers are Arden Yinkey, Jr., President; Everett M. Studley, Vice-President; William H. Shupert, Secretary-Treasurer; and John D. Goster, Assistant Secretary-Treasurer.

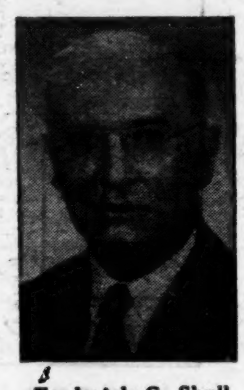
LETTER TO THE EDITOR:

How to Assure World Trade Of British Sterling's Worth

New Haven reader suggests Britain can reassure sterling's worth to the world by simply guaranteeing, upon demand, that 38.4 grams of fine gold ($2.80) is equivalent to its present par value. Reader Shull believes a reasonable concomitant of such a move by Britain would be for the U. S. to assure Britain we will maintain the dollar at 13 and 5/7ths grams of fine gold.

Editor, Commercial and Financial Chronicle:

If Britain is satisfied to maintain the present official relationship of $2.80 per pound sterling—which, of course, means an exact *value* of 38.4 grains of fine gold per pound sterling—let her *guarantee* that "value" to the trading nations of the world, and we shall then know what the pound is worth, and shall have gone a long way in the direction of "currency convertibility." However, a reasonable concomitant of this proposed move by Britain would be for her to obtain definite assurance by the United States that our currency shall be maintained at its presently-claimed *value* of 13 and 5/7ths grains of fine gold per dollar—or, as commonly expressed, $35 per ounce of gold. Certainly there should be no objection to our giving Britain such assurance, for the Eisenhower Administration, in its 1952 platform, promised to restore our currency to "a dollar on a fully convertible gold basis."



Frederick G. Shull

Such a cooperative effort by the United States and Great Britain seems easily attainable; for it was a British committee of 14 eminent economists and financiers, known as the "Macmillan Committee," which, in its report rendered in 1931, strongly recommended the establishment of "a sound and scientific monetary system for the world as a whole," but admitted that that can be achieved *only* "by a process of evolution starting from the historic gold standard."

If Britain and the United States will have the wisdom to promptly carry out that recommendation by the *Macmillan Committee*, real progress will have been made toward "currency convertibility" and the prevention of further "inflation." And if they will then encourage other nations to do likewise with their respective currencies by making them convertible in terms of a definite weight of gold per unit of currency—and *guarantee* to maintain such "convertibility" at the *fixed values* so set—world trade can proceed with an honest and reliable *yardstick-of-value*, as dependable as the 36-inch *yardstick-of-length*.

Very truly yours,

FREDERICK G. SHULL
2009 Chapel Street
New Haven 15, Conn.

Rosenson & Bauman

PHOENIX, Ariz. — Eugene M. Rosenson & Marcus T. Baumann have formed a partnership with offices at 2423 East McDowell Road to engage in a securities business.

Caleb Watson Opens

JONESBORO, Ark. — Caleb C. Watson is conducting a securities business from offices at 624 South Main Street. He was formerly with Waddell & Reed, Inc.

Spencer H. Logan

Spencer Hancock Logan passed away Sept. 13 at the age of 59 following a long illness. Mr. Logan was formerly a member of the Chicago Stock Exchange and the New York Curb Exchange.

Clairmonte Clark Opens

SOUTH OZONE PARK, N. Y.—Clairmonte N. Clark is engaging in a securities business from offices at 111-41—146th Street, under the firm name of Clairmonte N. Clark Co.

George Beckerman Opens

George Beckerman is engaging in a securities business from offices at 335 Broadway, New York City.

Campeau Opens Branch

ST. PETERSBURG, Fla.—R. F. Campeau Company of Detroit has opened a branch office at 110 Second Avenue, North, under the management of Dorothy M. Strock.

Jerome Field Opens

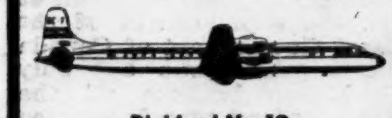
BROOKLYN, N. Y.—Jerome H. Field is conducting a securities business from offices at 693 Stone Avenue.

Seymour Geller Opens

BROOKLYN, N. Y. — Seymour Geller is engaging in a securities business from offices at 144 Montague Street. He was formerly with First Investors Corporation.

Form Hazelett, Robbins

J. Frederic Hazelett and Lewis P. Robbins have formed Hazelett, Robbins Co. with offices at 250 West 57th Street, New York City, to engage in a securities business.



Washington . . . And You

Behind-the-Scene Interpretations from the Nation's Capital

WASHINGTON, D. C. — With one possible outstanding exception, it is difficult for the detached, cold-blooded, and non-partisan observer to discern a prospect for any fundamental change in the governmental climate under which business and investment will have to live from next year on, regardless of what political party or parties the voters in November vest with control of Congress and the Federal Administration.

Probably the Federal policy which more completely dominates business and investment is fiscal. Fiscal policy determines what hope, if indeed there is any at all, that there shall be an end of ever-rising Federal expenditures and an ever-rising tax burden, direct and indirect. Already the fruits of business, investment, and professional income have been socialized in a startling measure.

Fiscal policy also dominates the whole cost pattern of business and investment. In fact, it impinges almost illimitably on the economy. Not the least of its implications is whether long-run investments repayable by contract in a fixed number of dollars shall have substantive purchasing power at maturity.

Both parties are committed, not to spending as such, but to enlarging responsibilities which are expresssed almost invariably in higher spending.

One of the current Republican planks is for sound money and a balanced budget. In 1952 the party was for reduced expenditures. President Eisenhower publicly committed himself in the 1952 campaign for a "drastic" reduction in Federal expenditures, only to instruct his ghost writer, after the election, that he meant "drastic" only as objectives, gradual as to achievement.

In point of fact, actual budget spending this year is "going through" the $10 billion of savings in security spending made possible by the end of the Korean War, to the extent of half of it or $5 billion. This presupposes the latest official estimates are correct, which they probably will not work out to be. It is altogether possible that the current year's spending will closely approach the post-War II peak of $74 billion in fiscal 1953.

Notwithstanding the fact that revenues in fiscal 1956 exceeded the first estimates by $8,141 million—as much as was spent by the Roosevelt Administration in some years and almost twice the expenditures of the Federal Government of Canada—the surplus came out only $1¾ billion because all the while spending was increasing at such a rapid rate.

Revenue estimates for the current year now appear to take full, or nearly full account of the possibilities of the current boom. So if expenditures for the year turn out to exceed official estimates as they invariably have for the last couple of years, the prospect of a balanced budget hinges on the hope that the boom will go much farther.

Summary of Fiscal Policy

The official estimates also are exclusive of spending, either via the Treasury or through insured loans for Federal spending, both outside the budget. In fact the government appears to be following a policy of planning an increase annually in its spending on the premise that the American economy will always raise the ante to meet next year's rising instalments.

Even if the "pro-budget balancing" Eisenhower Administration is re-elected, the record is replete with un-enacted spending proposals to be renewed by the White House to Congress next year, such as aid for school construction, more health aids, and so on.

"They Are Worse"

In the process of switching from an attempt to restrain the growth of Federal spending to outright acceptance of the need for higher spending, the Eisenhower Administration sincerely rationalizes its position by saying "the other fellows would be worse."

In selling this rationalization to millions, the Republicans have had magnificent assistance from the Democrats. The latter have outpromised Republicans in their platform and political speeches, and out-performed Mr. Eisenhower in voting spending programs in the last Congress.

Hence it is no surprise if millions of conservatives come to believe that there is a worse alternative, from the fiscal viewpoint, in the election of Mr. Stevenson over Mr. Eisenhower.

Election Would Change

However the election comes out, it can change, not the prospects for action on fiscal policy, but the attitude of some people toward the same.

(1) Assume that President Eisenhower is re-elected, with a substantial Republican control of Congress. This would convince the White House strategists that their more usual policy of the many-sided welfare state initiated through scores of at first "little" spending programs was more pleasing to the public than the Democratic program of big, grand, commitments on a billion-dollar scale for large welfare programs.

(2) Assume that Mr. Eisenhower is re-elected but with a weak Republican control or bare loss of control of Congress. This would convince the White House that its welfare approach was superior to that of the more conservative Republicans in Congress, and that the White House strategy of appealing for Democratic votes over the heads of the Republican conservatives in Congress was justified.

In neither possibility would this indicate a change in the fiscal outlook, for the Administration could be expected to continue in the groove of the last four years and the Democrats could probably be expected to always try to vote more expensive programs than proposed by Mr. Eisenhower.

A Democratic Victory?

Another assumption on which to peg future fiscal possibility is that Adlai Stevenson might be elected (this is not a forecast of any one's election). Presumably the Democrats would gleefully go ahead and with reckless disregard of the value of money or the cost of living, would bring all the billion-dollar goodies to the people that were denied by the heart-hearted, business-minded Republicans whose sole objective was to protect the filthy rich in the enjoyment of their billionaire incomes.

If Stevenson should be elected, two revolutions would immediately happen. In the first place the Democratic Administration would become responsible for monkeying with the economy. With an economy now going at a tilt which only does not please Leon Keyserling because he is part of the professional opposition, a Mr. Stevenson as President would be extremely chary of spilling the apples all over the pavement. If the economy ever slips, Eisenhower's boys are themselves on record as ready to spend and inflate.

Doubt Tax Cut

One of the first things that probably would be forgotten is the promise of a boost of $200 in the personal income tax exemptions. If the Democrats have a tax cut it will be because a House group is trying to conjure a package whereby oil depletion allowances and other depletion allowances will be cut, and other attacks will be made on legal escapes from high surtaxes through the capital gains tax rate, to provide offsetting revenues for a personal tax cut.

A House group is toying with such a long-range scheme. If it is stopped, it will be stopped because Harry Byrd is Chairman of the Senate Finance Committee. If it is stopped it will be stopped by Harry Byrd's leadership whether Harry Truman, Adlai Stevenson, or Dwight Eisenhower were President.

Mr. Stevenson, knowing that the people love over-full employment at rising wages, probably would no more upset that by purposeful monetary inflation or bearing down on business expansion, than would any one else, unless he proves to be a dedicated fool.

Republican Change

On the other hand, if Mr. Stevenson should make a monkey out of the polls and defeat Mr. Eisenhower, the latter would be "repudiated by the voters." This would be the second "revolution" following a Stevenson election. Eisenhower's magic over the rank and file of Congress comes not because any of the old-timers have fallen in love with the welfare state in many small bits versus the Democratic wolfing thereof in one meal. Ike's magic has been due to the belief he was so popular one does not dare openly oppose him and one gets re-elected by following him.

All that would be changed if Eisenhower were "repudiated." Then Ike would feel like Harry did in 1952, even though Truman was not in the race, which is like a bride feels when deserted at the church. Ike would then be counted no asset to office-holding Republicans, his program bad election bait. Republicans would begin to toss out the party men who shoved out the Taft men from the party's leadership after 1953.

So even if Mr. Stevenson were to dedicate himself to recklessness on the monetary, fiscal, and tax fronts, the Republicans could oppose. With the dwindling but key-placed conservative Democratic contingent, they could stop a lot of organized insanity. In other words, Republicans in Congress could again become honest women, as it were.

Regulatory Phases

Mr. Eisenhower enjoyed a paradoxical reputation for being opposed to Federal regulation of business, despite his record. His record showed that when the Democrats in 1953 steamed up Senator Capehart into his standby controls enterprise, Eisenhower benignly took the sidelines until the conservatives won out over the Democrats and Capehart.

There was sent to the Hill this year with White House blessing, the "pre-merger notification" bill which would have given the Federal Trade Commission and the Department of Justice a great power to both throttle and direct the course of American business rivaling even Senator Joe O'Mahoney's proposed Federal incorporation law. This was finally throttled by Democrats covertly in the Senate, with some important Republican help.

No seasoned member of Congress would bet that Eisenhower would oppose regulatory legislation if time and circumstances made it popular.

Psychological Aspect

Outside these practical realities of politics, there exists among American business men a belief unique among bills of goods sold in politics, that because Eisenhower so often says he loves private enterprise and wants to be kind thereto, that he means it. Hence business has had confidence that ultimately all would be well; that Eisenhower and his deities were joined in wishing business well, and so business has gone forward vigorously taking large risks for the future.

Roosevelt and Truman made a business of attacking private business as such, and business was timorous about taking chances.

This is the possible exception to the thesis that the election will not affect the governmental environment for business. If Adlai should pull the election and didn't show any more regard for business as such than his predecessors, then business might panic into retrenchment.

If Adlai got elected and were smart, he would try to woo business. If busines were smart, it would stop depending upon any Great Personality to save it, and concentrate on getting the lesser of two evils elected to Congress regardless of party.

[This column is intended to reflect the "behind the scene" interpretation from the nation's Capital and may or may not coincide with the "Chronicle's" own views.]

BUSINESS BUZZ

"It's a padded mat—he keels over on every dip!"